

CITY OF WILLIAMSBURG, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
JUNE 30, 2001

Prepared by:
DEPARTMENT OF FINANCE

CONTENTS

	Page
INTRODUCTORY SECTIONS	
City Officials	i
Organizational Chart	ii
Certificate of Achievement	iii
Letter of Transmittal	v - xi
FINANCIAL SECTION	
INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS AND SCHEDULES (INCLUDING SCHEDULE OF FEDERAL AWARDS)	
	1
<u>Combined statements – overview:</u>	
Combined balance sheet – all fund types and account groups	4 – 5
Combined statement of revenues, expenditures and changes in fund balances – all governmental fund types	7
Combined statement of revenues, expenditures and changes in fund balances – budget and actual – general fund	9
Statement of revenues, expenses and changes in retained earnings – utility fund	10
Statement of revenues, expenses and changes in retained earnings – budget and actual – utility fund	11
Statement of cash flows – utility fund	12
<u>Notes to financial statements</u>	13 – 24
<u>General fund:</u>	
Statement of revenues, expenditures and changes in fund balance – budget and actual	27 – 33
<u>Special revenue funds:</u>	
Combining balance sheet	37
Combining statement of revenues, expenditures and changes in fund balance	38

(Continued)

CONTENTS (Continued)

	Page
<u>Agency funds:</u>	
Combining balance sheet	41
Combining statement of changes in assets and liabilities	42
<u>General fixed assets account group:</u>	
Schedule of general fixed assets by source	44
Schedule of general fixed assets by function and activity	45
Schedule of changes in general fixed assets by function and activity	46
OTHER INFORMATION	
<u>Finance director's and treasurer's accountability:</u>	
Statement of the finance director's accountability	49
Statement of the finance director's accountability to the City – all City funds	50 – 51
Statement of the treasurer's accountability to the Commonwealth	52
STATISTICAL SECTION (UNAUDITED)	
SUPPORTING SCHEDULES	
General government expenditures by function – all governmental fund types	54
General government revenues by source – all governmental fund types	55
Property tax levies and collections	56
Property value, construction and bank deposits	57
Assessed value of taxable property	58
Property tax rates	58
Computation of legal debt margin and overlapping debt	59
Ratio of net general bonded debt to assessed value and net bonded debt per capita	60
Ratio of annual debt service expenditures for general bonded debt to total general expenditures	61

(Continued)

CONTENTS (Concluded)

	Page
MISCELLANEOUS DATA	
Principal taxpayers	62
Retail sales	63
Population	63
Unemployment rate and labor force	64
Land area of original City of Williamsburg and subsequent annexations	64
Miscellaneous statistics	65
COMPLIANCE SECTION	
<u>Federal awards:</u>	
Schedule of federal awards	68
Schedule of findings and questioned costs	69
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	71
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	73 – 74
SUMMARY OF COMPLIANCE MATTERS	75

CITY OF WILLIAMSBURG, VIRGINIA

June 30, 2001

COUNCIL

Jeanne Zeidler	Mayor
Channing M. Hall, III	Vice Mayor
Clyde A. Haulman	Member
Wright B. Houghland	Member
C. Russell Tabb	Member
Shelia Y. Crist	Clerk

OFFICIALS

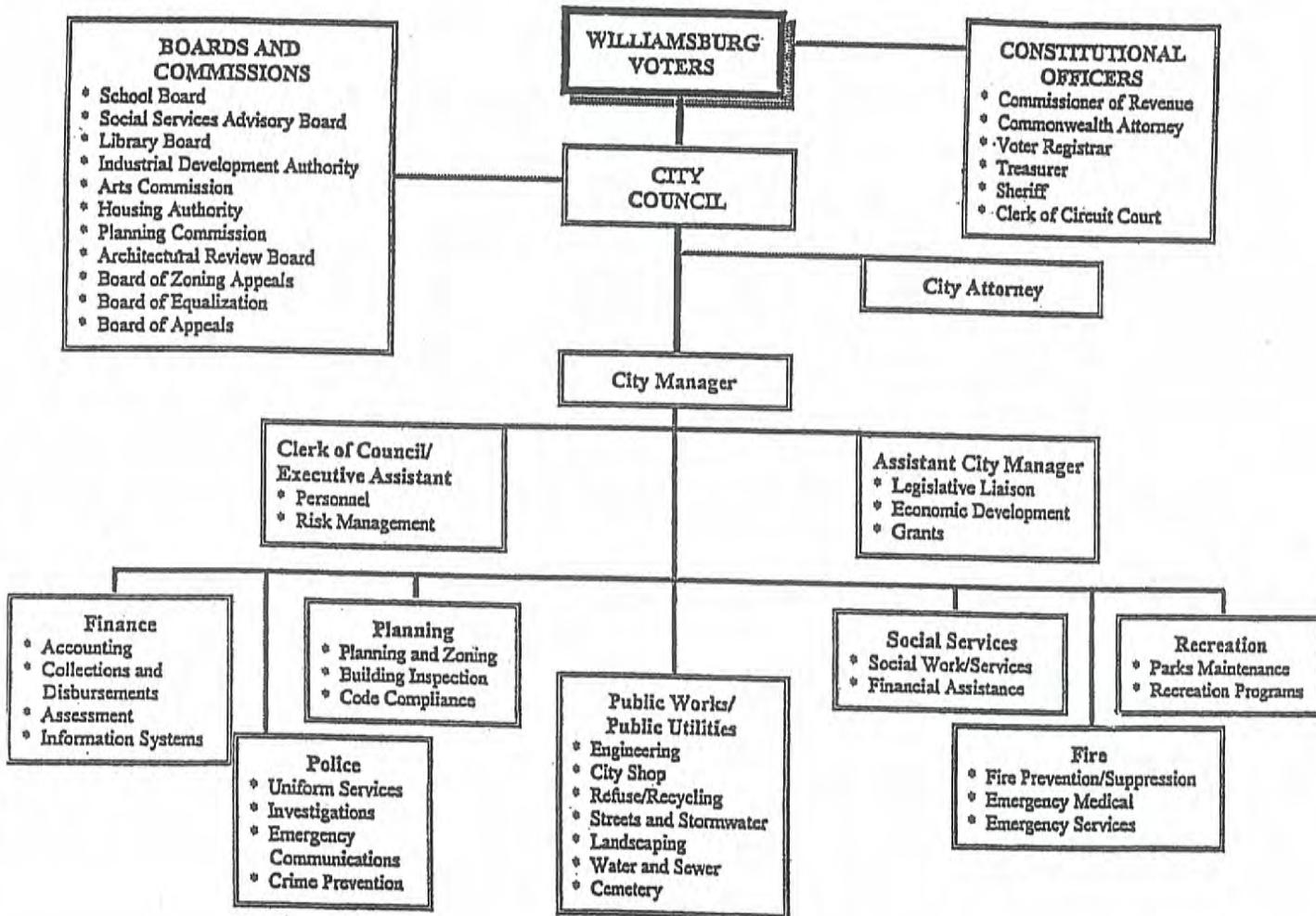
Jackson C. Tuttle, II	City Manager
Philip F. Serra, Jr.	Director of Finance
Elna W. Pitts	Commissioner of the Revenue
M. Ann Davis	Treasurer
Joseph F. Phillips	City Attorney
Michael McGinty	Commonwealth's Attorney
Robert Deeds	City Sheriff
Betsy Woolridge	Clerk of the Circuit Court

INDEPENDENT AUDITORS

Eggleston Smith P.C.

CITY OF WILLIAMSBURG, VIRGINIA

ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Williamsburg,
Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2000

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Anne Spray Kinney
President

Jeffrey L. Esser
Executive Director



CITY OF WILLIAMSBURG

Finance Department

401 Lafayette Street, Williamsburg, Virginia 23185
(804) 220-6180 / Fax (804) 220-6109

November 16, 2001

The Honorable Mayor
and City Council

The Comprehensive Annual Financial Report of the City of Williamsburg, Virginia for the fiscal year ended June 30, 2001, is submitted herewith in accordance with Section 15.2-2511 of the Code of Virginia. This report was prepared by the City's Department of Finance. We believe the data, as presented, is accurate in all material aspects. The responsibility for accuracy, completeness, and fairness of the presentation rests with the City. This report is designed in a manner to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. We also believe that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs are included.

REPORTING ENTITY AND ITS SERVICES

The financial reporting entity includes all the funds and account groups of the City of Williamsburg. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. As such, the City has no component units (legally separate entities for which the City as primary government is financially accountable).

The City provides the full range of municipal services contemplated by charter on a continuing basis. These services include public safety, (police, fire and emergency medical services), street construction and maintenance, engineering, refuse collection, planning and zoning, building inspections, health and welfare services, library and cultural, parks and recreation, and general administrative services. In addition, the City water and sewer services are provided under an Enterprise Fund concept, with user charges set by City Council to ensure adequate coverage of operating and capital expenses.

REPORTING STANDARDS

The Governmental Accounting Standards Board (GASB), successor to the National Council on Governmental Accounting (NCGA), is the authoritative body which promulgates principles of accounting and financial reporting applicable to governments in conformity with accounting principles generally accepted in the United States of America. In March 1979, the NCGA issued "Statement 1, Governmental Accounting and Financial Reporting". An important objective of Statement 1 was to incorporate pertinent aspects of "Audits of State and Local Governmental Units", the industry audit guide of the American Institute of Certified Public Accountants. NCGA Statement 1 is effective for fiscal years ending after June 30, 1980. The City has prepared its Comprehensive Annual Financial Report in conformance with these principles since June 30, 1981. The more significant elements resulting from this adoption concern the reporting entity; the nature, distinguishing features and grouping of funds; and the level of financial statements required and presented for fund groups and individual funds. The Governmental Accounting Standards Board (GASB) issues new financial reporting guidelines on a continual basis, covering a wide range of topics for financial statement presentation. The City has continued to conform with all recent releases of the GASB in the current Comprehensive Annual Financial Report, and will continue to do so in order to conform with all applicable financial reporting requirements.

REPORT FORMAT

The Comprehensive Annual Financial Report is divided into three major sections:

1. Introductory Section - This section introduces the reader to the report and includes the table of contents, the transmittal letter, and the City organizational chart.
2. Financial Section - The combined financial statements, together with the notes to the financial statements compose the General Purpose Financial Statements (GPFS). The GPFS are the City's basic financial statements and provide an overview for users who require less detailed information about the City's finances than is contained in the balance of the report. The remainder of the financial section presents combining statements, individual fund statements, and schedules focusing on individual funds rather than fund types.
3. Statistical Section - Although this section contains substantial financial information, these tables differ from financial statements in that they present some non-accounting data, cover more than two fiscal periods, and are designed to reflect social and economic data, financial trends and the fiscal capacity of the City.

INTERNAL CONTROL, BUDGETARY CONTROL, AND THE ACCOUNTING SYSTEM

Internal control encompasses Williamsburg's plan of organization and all the adopted coordinate methods and measures within the City to reasonably safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency and encourage adherence to prescribed managerial policies. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits derived and that the evaluation of costs and benefits require management to make estimates and judgments. All internal control evaluations occur within the above framework. The relationship of internal control to basic management responsibilities emphasizes the interlock of the accounting system with all other management control systems. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of all financial transactions. The City's budget is prepared on the modified accrual basis, as is appropriate for each governmental fund, and on the accrual basis for proprietary funds. The City Manager and City Council evaluate the budget proposals of the various City organizations to determine the funding level of the operating and public service programs. After giving due consideration to the input received from the citizens, City Council adopts the budget. The adopted budget thus becomes a document which places before the people of the City a clear and precise picture of the cost of public services which will be provided. The budget is appropriately controlled through an on-line accounting system to assure effective fiscal management and accountability. The City's accounting system is organized and operated on a "fund basis". Each fund (or account group) is a distinct self-balancing accounting entity. Various funds and account groups utilized by the City are fully described in Note 1 of the financial statements.

GENERAL GOVERNMENTAL FUNDS

All activities of the City are reflected in this report. The General Fund receives all City revenues not designated for specific use by statutes or the City Charter. Revenue for the General Fund totaled \$27,663,202 in Fiscal Year 2001, an increase of 2.8% from the previous fiscal year. The amount of revenues from various sources and the increase and decrease over Fiscal Year 2000 are shown in the following tabulation:

General Fund

<u>Revenue Sources</u>	Year End June 30,				Increase (Decrease) over 2000
	2001	%	2000	%	
General Property Taxes	\$ 7,140,860	25.78	\$ 6,829,694	25.38	\$ 311,166
Other Local Taxes	15,388,474	55.56	15,423,985	57.32	(35,511)
Licenses and Permits	267,047	0.96	163,291	0.61	103,756
Fines and Forfeitures	253,578	0.92	238,003	0.88	15,575
Revenue from Use of Money and Property	1,116,134	4.03	844,049	3.14	272,085
Charges for Services	319,808	1.15	334,812	1.24	(15,004)
Miscellaneous	989,122	3.57	866,369	3.22	122,753
Intergovernmental	2,224,003	8.03	2,206,669	8.21	17,334
Total Revenues	\$ 27,699,026	100.00	\$ 26,906,872	100.00	\$ 792,154

General property taxes account for 25.8% of total revenues, and increased 4.55% over the prior year. The real property assessed valuation for 2001 is \$911,185,941, representing a 6% increase in valuation over 2000. The City's overall collection rate was 99.22% of total billings, including delinquent taxes. Property tax rates by purpose for Fiscal Year 2001, and the preceding three fiscal years are as follows (amounts per \$100 of assessed values):

	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Real Property Tax Rate	\$.54	\$.54	\$.54	\$.54
Personal Property Tax Rate	3.50	3.50	3.50	3.50

Other local taxes account for 55.63% of total revenue, a .23% decrease from the prior year, largely due to a reduction in 1% State sales taxes and lower room tax receipts during Fiscal Year 2001. Hotel and restaurant tax collections combined for Fiscal Year 2001 were \$9,009,935, a decrease of 1.8% from last year. This is the second full fiscal year of collections since increasing the tax rate from 4% to 5% effective January 1, 1999. General sales tax revenues received from the Commonwealth of Virginia were \$3,720,937, a 1.63% decrease from Fiscal Year 2000. These receipts include monthly adjustments by the Commonwealth of Virginia for taxes submitted erroneously to the City over the last few years which should have been sent to neighboring James City County. Further reference is noted in the General Long-Term Debt section of this report.

Revenue from Use of Money and Property totaled \$1,116,134 for Fiscal Year 2001, up 32.23% over last year, due to increased interest earnings from higher reserve levels, and rent charges at the Transportation and Community Centers.

Expenditures in the General Fund totaled \$25,544,970, a increase of 2.41% over Fiscal Year 2000. This increase is attributable to increased costs for the school system, public safety, and public works. Increases and decreases for major functions of the City over the preceding fiscal year are shown in the following tabulation:

<u>Expenditure Sources</u>	General Fund				<u>Increase (Decrease) over 2000</u>
	<u>2001</u>	<u>%</u>	<u>Year End June 30,</u>	<u>2000</u>	
General Government Administration	\$ 1,932,875	7.57	\$ 1,899,725	7.62	\$ 33,150
Judicial Administration	275,310	1.08	365,171	1.46	(89,861)
Public Safety	5,691,527	22.28	5,531,591	22.18	159,936
Public Works	2,902,339	11.36	2,807,153	11.25	95,186
Health and Welfare	365,523	1.43	338,187	1.36	27,336
Education	6,496,149	25.44	5,809,163	23.29	686,986
Parks, Recreation and Cultural	1,629,146	6.38	1,639,330	6.57	(10,184)
Community Development	2,846,217	11.14	2,786,386	11.17	59,831
Nondepartmental	6,210	.02	8,085	.03	(1,875)
Capital Projects	2,288,580	8.96	2,623,501	10.52	(334,921)
Principal Retirement	788,000	3.08	788,000	3.16	0
Interest	323,094	1.26	345,542	1.39	(22,448)
Total Expenditures	<u>\$ 25,544,970</u>	<u>100.00</u>	<u>\$ 24,941,834</u>	<u>100.00</u>	<u>\$ 603,136</u>

Major Fiscal Year 2001 capital expenditures included the renovation of Quarterpath Recreation Center, stormwater management improvements, and Capitol Landing Road reconstruction.

SPECIAL REVENUE FUNDS

Special revenue funds comprise those funds which derive revenue from specific sources, and which must be maintained and accounted for separately.

Virginia Public Assistance Fund - Total revenues and General Fund transfers in this fund during the year were \$1,154,820, an increase of 9.5% from last year due to increased local program funding. Total expenditures were \$1,124,184, an increase of 9.2% from the level experienced in Fiscal Year 2000, due to an increase in program costs.

Local Law Enforcement Block Grant Fund – This fund was created during Fiscal Year 1997 and is used to underwrite projects to reduce crime and improve public safety through grants received from the U.S. Department of Justice. This program provided for additional equipment and neighborhood watch patrols in selected areas of the City. Total revenues received for Fiscal Year 2001 were \$15,557, including interest earnings of \$190 provided through an interest-bearing bank account required under the terms of the grant. Expenditures totaling \$16,434 were made from this fund during Fiscal Year 2001, leaving an ending fund balance of \$133.

ENTERPRISE FUND

Enterprise funds are maintained on a full accrual basis. The City operates one Enterprise Fund type, the Utility Fund. The Utility Fund was established to account for the financing of the water distribution system throughout the City, through self-supporting user charges. During Fiscal Year 1994 a water and sewer rate study was performed by independent consultants. An increase in rates and other charges was recommended, and approved by City Council, effective July 1, 1994. The increase was necessary to keep this fund self-sustaining, and better match user charges with utility services provided each year. Rates were also increased in July 1995, and 1997, and 2001, and should further improve the operating condition of the water and sewer fund.

Comparative data for the last two years are presented in the following table:

Utility Fund	2001	2000	Increase (Decrease) over 2000
Operating Revenues	\$ 4,335,642	\$ 3,794,524	\$ 541,118
Less Operating Expenses	(3,507,043)	(3,240,650)	(266,393)
Operating Income (Loss)	<u>\$ 828,599</u>	<u>\$ 553,874</u>	<u>\$ 274,725</u>

Overall, operating revenues increased 14.2% over last year, largely due to increased tap, connection, and availability fees from new construction. Interest earnings increased 38.2% this year due to higher reserve balances. Expenses increased by 8.2%; due to water and sewer line improvements, and higher interest costs due to the recent borrowing for a land purchase, as explained below. A complete summary of revenues and expenses for the year is presented in the Combined Financial Statements section of this report.

AGENCY FUNDS

Agency funds have been established to account for resources received and held as trustee or agent for others. The City acts as fiscal agent for the Williamsburg Regional Library, the Tricentennial Fund, the Colonial Court Appointed Special Advocate Fund [CASA], the Industrial Development Authority, and the Williamsburg Redevelopment & Housing Authority. A full accounting of the activities of these funds is presented in the Agency Funds section of this report.

GENERAL FIXED ASSETS

The General Fixed Assets of the City are those fixed assets used in the performance of general governmental functions, and exclude the fixed assets of the Utility Fund. As of June 30, 2001, the General Fixed Assets of the City amounted to \$43,370,753. This represents historical or estimated historical costs of the assets. The current values of real property are considerably more than presented in this report, and market values of equipment are less than original cost. Only assets costing \$5,000 or more and have a useful life of one year or longer are considered fixed; major improvements which are of value only to the City, such as roads, bridges, curbs and sidewalks are not included. Depreciation is not recorded in this account group. Acquisitions and disposals for the year are presented in the General Fixed Asset section of this report.

GENERAL LONG-TERM DEBT ACCOUNT GROUP

According to Governmental Accounting Standards Board Statement 16, the long-term portion of accumulated vacation, sick, and other leave benefits for governmental funds that meet certain criteria should be reported in this account group. As of June 30, 2001, these benefits were reported in the amount of \$158,415. In addition, a long-term liability is shown in the amount of \$54,202 representing state sales tax moneys paid to the City over the last three fiscal years, which actually should have been returned to neighboring James City County. Further information concerning this matter is presented in the Notes to the Financial Statements. In addition, long-term debt in the amount of \$6,440,000 is shown in this account group, representing the balance of principal payments remaining for the property acquired in the Holly Hills subdivision during Fiscal Year 1997 and borrowing for general capital improvements during Fiscal Year 1998.

DEBT ADMINISTRATION

Utility Fund:

In Fiscal Year 1992 the City issued a bond in the amount of \$653,800, with interest at the rate of 6.75%, payable monthly, with the term ending July 2001. Interest payments during the year were \$44,132. This bond was issued to acquire a conservation easement to preserve open space and watershed property. The City has subsequent to June 30, 2001 extended the maturity of this debt to August, 2006. Interest at the rate of 4% and principal will be paid monthly to the bondholders until maturity.

The 1998 rehabilitation of the City's filter plant required debt financing. During Fiscal Year 1998 the City issued a bond in the amount of \$2,000,000, with interest at the rate of 4.94%, payable quarterly with the term ending September 2012. Principal payments on this loan during the year were \$133,333, with interest totaling \$76,043.

Additionally, the City issued a bond in the amount of \$5,780,000 in January, 2001 to purchase land for watershed protection adjacent to the Waller Mill Reservoir. This bond matures January 15, 2006, with interest at 4.22% paid semi-annually, and principal due in full at maturity date.

General Fund:

The City purchased land during Fiscal Year 1997, issuing a 10-year, \$3,880,000 General Obligation bond. The following year the City issued \$6,000,000 in 15-year G.O. bonds to finance general capital improvements throughout the City. During Fiscal Year 2001 principal repayments were \$788,000, and interest payments were \$323,094. Full repayment details are provided in the Notes to the Financial Statements.

The ratio of total net bonded debt to assessed valuation, and the amount of bonded debt per capita are useful indicators of the City's debt position to municipal management, citizens, and investors. The following shows this information as of June 30, 2001:

	Amount	Ratio of Debt to Assessed Value	Debt per Capita
Net Direct Bonded Debt	\$14,373,800	1.47%	\$1,198

CASH MANAGEMENT

City Council adopted formal and strict guidelines governing investment policy and procedures on January 27, 1995 (revised February 9, 1995). The Investment Policy and Procedures for the City of Williamsburg details: I. Investment Objectives, II. Allowable Investments and Quality, III. Maturity Restrictions, IV. Prohibited Securities, V. Additional Requirements, and VI. Transition Guidelines. In recognition of its fiduciary role in the management of all public funds entrusted to its care, it shall be the policy of the City that all investable balances be invested with the same care, skill, prudence and diligence that a prudent and knowledgeable person would exercise when undertaking an enterprise of like character and aims.¹ Cash temporarily idle during the year is invested by Mentor Investment Advisors, LLC as investment advisor to the City, and the Local Government Investment Pool administered by the State Treasurer's Office. The policy's objective, in order of priority is (1) Safety, (2) Liquidity, and (3) Return on Investment. Allowable investments and quality approved for use by the City are:

1. U.S. Treasury Bills, Notes, Bonds and other obligations of the U.S. Government
2. Fixed rate obligations of Agencies of the Federal Government
3. Obligations of the Commonwealth of Virginia
4. Repurchase Agreements executed through Federal Reserve Member Banks or Primary Dealers in U.S. Government Securities, and meeting certain minimum collateralization guidelines
5. Certificates of deposit of national banks located within the Commonwealth
6. Various types of other notes (Banker's Acceptances, Commercial Paper, etc.) meeting certain minimum quality standards of investment rating companies

¹excerpt from the City of Williamsburg Investment Policy and Procedures, adopted January 27, 1995

During Fiscal Year 2001 the City's investment portfolio continued to comply in all material respects with this policy. The exhibit below shows the amount of interest earned by each fund during Fiscal Years 2001 and 2000:

Fund	2001	2000
General Fund	\$ 987,325	\$ 726,379
Utility Fund	227,019	164,305
	<u>\$ 1,214,344</u>	<u>\$ 890,684</u>

RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member of the Virginia Municipal Liability Pool, administered by the Virginia Municipal Self Insurance Association and the Virginia Municipal League. This program provides self-insurance coverage for workers' compensation, general liability, automobile liability, property and fire protection, and public officials' liability and law enforcement liability (except for elected officials).

The City has a self-insurance plan for its employee health insurance coverage. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Details of the health insurance program are provided in the Notes to the Financial Statements.

The City currently reports all of its risk management activities in the General Fund and Utility Fund.

ECONOMIC PROSPECTS

Dr. Roy Pearson, of the Bureau of Business Research at the College of William and Mary, predicts a .2% increase in retail sales for the Williamsburg area in 2002, lower than the state average estimate of 1% growth. Lodging and restaurant sales are estimated to grow slightly by 2.2%, which is above his estimate for the state average growth of 1.1%. He believes the Williamsburg area should remain cautious in light of the volatile nature of tourism. Traditionally the City continues to work with the Colonial Williamsburg Foundation, the Williamsburg Area Chamber of Commerce, and Convention & Visitors Bureau to support local tourism.

Additionally, the adoption of a formal investment policy and preparation of a financial procedures manual will help ensure greater fiscal accountability and control of the City funds. These and other policies will provide a sound foundation for future financial decision making.

The City of Williamsburg has again maintained one of the lowest real estate tax rates for cities in the Commonwealth, while continuing to provide the high level of community services the residents of Williamsburg have come to expect. Infrastructure and economic development investment, which will be necessary to maintain and expand public services to meet future demand, has necessitated the above mentioned bank-qualified borrowing, taking advantage of relatively low tax-exempt interest rates. This will enable the City to use an attractive blend of surplus funds and a limited amount of prudent fifteen-year financing to complete much needed capital improvement projects throughout the City.

INDEPENDENT AUDIT

The State Code of the Commonwealth of Virginia requires an annual audit of the books of account, financial records, and transactions of the City. This requirement has been complied with and the unqualified opinion of Eggleston Smith, P.C., independent certified public accountants, has been included in this report.

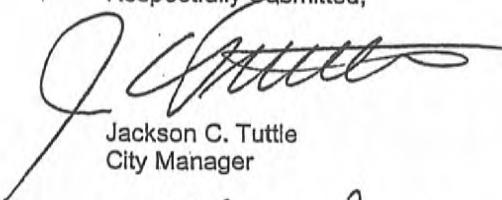
CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Williamsburg, Virginia, for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2000. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

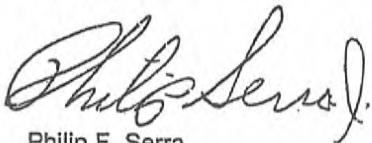
ACKNOWLEDGMENTS

The preparation of this report has been accomplished with the efficient and dedicated services of the City Department of Finance. We would like to express our appreciation to all members of the departments who assisted and contributed in its preparation. In addition, the accounting firm of Eggleston Smith, P.C, is to be congratulated for their substantial contributions, by way of design, counsel, and interpretation of recent guidelines. We also wish to express thanks to the Mayor and members of City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully Submitted,



J. C. Tuttle
Jackson C. Tuttle
City Manager



Philip F. Serra

Philip F. Serra
Director of Finance



**INDEPENDENT AUDITORS' REPORT
ON FINANCIAL STATEMENTS AND SCHEDULES**

The Honorable Members of the City Council
City of Williamsburg, Virginia

We have audited the accompanying general purpose financial statements of the City of Williamsburg, Virginia, and the combining, individual fund and individual account group financial statements of the City as of and for the year ended June 30, 2001, as listed in the contents. These financial statements are the responsibility of the management of the City of Williamsburg, Virginia. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications for Audits of Counties, Cities and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements and schedules referred to above present fairly, in all material respects, the financial position of the City of Williamsburg, Virginia, as of June 30, 2001, and the results of its operations and cash flows of its proprietary fund types for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2001, on our consideration of the City of Williamsburg, Virginia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the City of Williamsburg, Virginia, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the financial statements. The accompanying statements of the finance director's and treasurer's accountability are required by the Auditor of Public Accounts of the Commonwealth of Virginia, and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Eggleston Smith P.C.

October 31, 2001

75/1

603 Pilot House Drive, Suite 400 • Newport News, VA 23606 • 757-873-0006 • FAX 757-873-0191 • www.esmithcpa.com

COMBINED STATEMENTS – OVERVIEW

ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 2001

CITY OF WILLIAMSBURG, VIRGINIA
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 2001

	Governmental Fund Types	
	General	Special Revenue
ASSETS		
Cash and cash equivalents	\$ 1,978,854	\$ 145,470
Investments (at fair value)	14,253,140	-
Receivables (net of allowances for uncollectibles):		
Taxes	1,258,133	-
Accounts	282,770	-
Unbilled	-	-
Accrued interest	112,593	-
Notes receivable	80,000	-
Due from other funds	70,722	-
Due from other governmental units	961,147	54,687
Fixed assets (net of accumulated depreciation)	-	-
Amount to be provided for the retirement of long-term debt	-	-
Total Assets	\$ 18,997,359	\$ 200,157
LIABILITIES		
Accounts payable	\$ 759,786	\$ -
Accrued vacation pay	292,519	12,971
Accrued interest payable	13,033	-
Deposits payable	-	-
Refundable deposits	20,154	-
Due to agency	-	-
Due to other funds	-	58,023
Due to other governmental funds	-	-
Deferred revenue	318,471	11,586
Bond payable	-	-
Self insurance liability	289,983	-
Total Liabilities	1,693,946	82,580
EQUITY AND OTHER CREDITS		
Contributed capital	-	-
Investment in general fixed assets	-	-
Retained earnings:		
Unreserved	-	-
Fund balance:		
Unreserved	-	-
Designated for subsequent years' capital expenditures	6,271,300	-
Undesignated	11,032,113	117,577
Total Equity and Other Credits	17,303,413	117,577
Total Liabilities, Equity and Other Credits	\$ 18,997,359	\$ 200,157

Proprietary Fund Types Enterprise	Fiduciary Fund Types Agency	Account Groups		Totals (Memorandum Only)	
		General Fixed Assets	General Long-term Debt		
\$ 386,341	\$ 103,200	\$ -	\$ -	\$ 2,613,865	
4,164,364	5,166	-	-	18,422,670	
77,351	600	-	-	1,258,133	
650,854	-	-	-	360,721	
-	-	-	-	650,854	
-	-	-	-	112,593	
-	-	-	-	80,000	
-	-	-	-	70,722	
15,463,012	-	43,370,753	-	1,015,834	
-	-	-	6,652,617	58,833,765	
				6,652,617	
<u>\$ 20,741,922</u>	<u>\$ 108,966</u>	<u>\$ 43,370,753</u>	<u>\$ 6,652,617</u>	<u>\$ 90,071,774</u>	
\$ 250,494	\$ -	\$ -	\$ -	\$ 1,010,280	
74,969	-	-	158,415	538,874	
114,951	-	-	-	127,984	
30,478	-	-	-	30,478	
-	-	-	-	20,154	
-	108,966	-	-	108,966	
12,699	-	-	-	70,722	
-	-	-	54,202	54,202	
-	-	-	-	330,057	
7,933,800	-	-	6,440,000	14,373,800	
-	-	-	-	289,983	
<u>8,417,391</u>	<u>108,966</u>	<u>-</u>	<u>6,652,617</u>	<u>16,955,500</u>	
5,530,335	-	-	-	5,530,335	
-	-	43,370,753	-	43,370,753	
6,794,196	-	-	-	6,794,196	
-	-	-	-	6,271,300	
-	-	-	-	11,149,690	
<u>12,324,531</u>	<u>-</u>	<u>43,370,753</u>	<u>-</u>	<u>73,116,274</u>	
<u>\$ 20,741,922</u>	<u>\$ 108,966</u>	<u>\$ 43,370,753</u>	<u>\$ 6,652,617</u>	<u>\$ 90,071,774</u>	

The Notes to Financial Statements are an integral part of this statement.

CITY OF WILLIAMSBURG, VIRGINIA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES
Year Ended June 30, 2001

	General	Special Revenue	Totals (Memorandum Only)
REVENUES			
General property taxes	\$ 7,140,860	\$ -	\$ 7,140,860
Other local taxes	15,388,474	-	15,388,474
Permits, privilege fees and regulatory licenses	267,047	-	267,047
Fines and forfeitures	253,578	-	253,578
Revenue from use of money and property	1,116,134	190	1,116,324
Charges for services	319,808	-	319,808
Miscellaneous	989,122	24,722	1,013,844
Intergovernmental	2,224,003	817,554	3,041,557
Total Revenues	27,699,026	842,466	28,541,492
EXPENDITURES			
Current:			
General government administration	1,932,875	-	1,932,875
Judicial administration	275,310	-	275,310
Public safety	5,691,527	16,434	5,707,961
Public works	2,902,339	-	2,902,339
Health and welfare	365,523	1,124,184	1,489,707
Education	6,496,149	-	6,496,149
Parks, recreation and cultural	1,629,146	-	1,629,146
Community development	2,846,217	135	2,846,352
Nondepartmental	6,210	-	6,210
Capital projects	2,288,580	-	2,288,580
Debt service	1,111,094	-	1,111,094
Total Expenditures	25,544,970	1,140,753	26,685,723
Excess (Deficiency) of Revenues Over Expenditures	2,154,056	(298,287)	1,855,769
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	338,473	338,473
Operating transfers out	(338,473)	-	(338,473)
Sale of land	503,109	-	503,109
Total Other Financing Sources (Uses)	164,636	338,473	503,109
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	2,318,692	40,186	2,358,878
FUND BALANCE, Beginning	14,932,925	129,187	15,062,112
Residual Equity Transfer	51,796	(51,796)	-
FUND BALANCE, Ending	\$ 17,303,413	\$ 117,577	\$ 17,420,990

The Notes to Financial Statements are an integral part of this statement.

CITY OF WILLIAMSBURG, VIRGINIA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2001

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
General property taxes	\$ 7,032,300	\$ 7,140,860	\$ 108,560
Other local taxes	15,628,000	15,388,474	(239,526)
Permits, privilege fees and regulatory licenses	146,950	267,047	120,097
Fines and forfeitures	240,000	253,578	13,578
Revenue from use of money and property	865,800	1,116,134	250,334
Charge for services	327,866	319,808	(8,058)
Miscellaneous	570,200	989,122	418,922
Intergovernmental	2,145,844	2,224,003	78,159
Total Revenues	26,956,960	27,699,026	742,066
EXPENDITURES			
Current:			
General government administration	2,024,004	1,932,875	91,129
Judicial administration	327,338	275,310	52,028
Public safety	5,986,167	5,691,527	294,640
Public works	3,085,619	2,902,339	183,280
Health and welfare	371,243	365,523	5,720
Education	6,495,966	6,496,149	(183)
Parks, recreation and cultural	1,664,354	1,629,146	35,208
Community development	2,892,918	2,846,217	46,701
Nondepartmental	100,000	6,210	93,790
Capital projects	5,168,027	2,288,580	2,879,447
Debt service	1,093,503	1,111,094	(17,591)
Total Expenditures	29,209,139	25,544,970	3,664,169
Excess (Deficiency) of Revenues Over Expenditures	(2,252,179)	2,154,056	4,406,235
OTHER FINANCING USES			
Operating transfers out	(377,683)	(338,473)	39,210
Sale of land	-	503,109	503,109
Total Other Financing Sources (Uses)	(377,683)	164,636	542,319
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(2,629,862)	2,318,692	4,948,554
FUND BALANCE, Beginning	14,932,925	14,932,925	-
Residual Equity Transfer	51,796	51,796	-
FUND BALANCE, Ending	\$ 12,354,859	\$ 17,303,413	\$ 4,948,554

The Notes to Financial Statements are an integral part of this statement.

CITY OF WILLIAMSBURG, VIRGINIA
UTILITY FUND
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS
Year Ended June 30, 2001

OPERATING REVENUES	
Water and sewer services	\$ 3,532,347
Miscellaneous	32,094
Tap, connection and availability fees	<u>771,201</u>
Total Operating Revenues	<u>4,335,642</u>
OPERATING EXPENSES	
Salaries and wages	771,020
Fringe benefits	259,070
Contractual services	791,196
Other charges	1,366,061
Depreciation	<u>319,696</u>
Total Operating Expenses	<u>3,507,043</u>
Operating Income	828,599
NONOPERATING REVENUES (EXPENSES)	
Interest earned	227,019
Interest expense	(229,278)
Total Nonoperating Revenues (Expenses)	<u>(2,259)</u>
NET INCOME	826,340
RETAINED EARNINGS, Beginning	<u>5,967,856</u>
RETAINED EARNINGS, Ending	\$ 6,794,196

CITY OF WILLIAMSBURG, VIRGINIA
UTILITY FUND
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS - BUDGET AND ACTUAL
Year Ended June 30, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Water and sewer services	\$ 3,516,500	\$ 3,532,347	\$ 15,847
Miscellaneous	25,000	32,094	7,094
Tap, connection and availability fees	141,000	771,201	630,201
Total Operating Revenues	3,682,500	4,335,642	653,142
OPERATING EXPENSES			
Personal services	793,850	771,020	22,830
Fringe benefits	264,185	259,070	5,115
Contractual services	945,000	791,196	153,804
Other charges	1,366,590	1,366,061	529
Depreciation	335,000	319,696	15,304
Total Operating Expenses	3,704,625	3,507,043	197,582
Operating Income (Loss)	(22,125)	828,599	850,724
NONOPERATING REVENUES (EXPENSES)			
Interest earned	145,000	227,019	82,019
Interest expense	(122,875)	(229,278)	(106,403)
Total Nonoperating Revenues (Expenses)	22,125	(2,259)	(24,384)
NET INCOME	-	826,340	826,340
RETAINED EARNINGS, Beginning	5,967,856	5,967,856	-
RETAINED EARNINGS, Ending	\$ 5,967,856	\$ 6,794,196	\$ 826,340

The Notes to Financial Statements are an integral part of this statement.

CITY OF WILLIAMSBURG, VIRGINIA
UTILITY FUND
STATEMENT OF CASH FLOWS
Year Ended June 30, 2001

CASH FLOWS FROM OPERATING ACTIVITIES

Operating income	\$ 828,599
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	319,696
Changes in operating assets and liabilities:	
Receivables	18,714
Accounts payable	17,354
Accrued vacation pay	6,538
Accrued interest payable	105,809
Customer deposits	2,668
Due to general fund	<u>12,699</u>
Net cash provided by operating activities	<u>1,312,077</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchase of fixed assets	(5,806,698)
Interest paid on general obligation bonds	(229,278)
Principal payments on general obligation bonds	(133,778)
Proceeds from general obligation bonds	<u>5,780,000</u>
Net cash used in capital and related financing activities	<u>(389,754)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	227,019
Net purchases of LGIP investment	<u>(817,330)</u>
Net cash used in investing activities	<u>(590,311)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

332,012

CASH AND CASH EQUIVALENTS

Beginning of year	<u>54,329</u>
End of year	<u>\$ 386,341</u>

CITY OF WILLIAMSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of the City of Williamsburg (City) are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

Not included in the City's financial statements are certain entities created as separate governments under the laws of the Commonwealth of Virginia. These agencies are separate legal entities having governmental character and sufficient autonomy in the management of their own affairs to distinguish them as separate from the administrative organization of the City, although certain members of their governing bodies are appointed by City Council. Specific information on the nature of the individual agencies and a description of their financial transactions affecting the City are provided in the following paragraphs:

(1) Williamsburg Redevelopment and Housing Authority

The Authority is a public corporation that administers urban development projects and operates all public housing in the City. City Council selects the members of the Authority's board; however, the board designates its own management and has the responsibility for budget adoption and revision. The Authority's operating and capital expenditures, including debt service, are financed principally with federal funds and rentals. Separate financial statements are prepared and are available, which reflect the details of its operations.

(2) City of Williamsburg – James City County Joint Public Schools

Under the terms of an agreement dated January 14, 1954, and subsequently revised, the latest revision dated October 11, 1991, between the governing bodies and the school boards of the City of Williamsburg, Virginia, and James City County, effective July 1, 1955, the two localities consolidated the operations of their schools. The formula for defining the City and County share of the local contribution is as follows: The percentage of City students plus four percentage points or a given yearly percentage, whichever is greater, will be used. The percentages for fiscal years 2001 and 2000 are 13.10% and 13.23% respectively. Separate financial statements are prepared and are available, which reflect the details of its operations.

Summary financial information on the school operations is as follows:

Total assets	\$ 8,972,327
Liabilities	\$ 6,619,319
Fund equity and other credits	2,353,008
Total liabilities, fund equity and other credits	<u>\$ 8,972,327</u>
Revenues and other financing sources	\$ 66,234,369
Expenditures	65,544,492
Excess (deficiency) of revenues and other financing sources over expenditures	689,877
Fund balance, beginning (as restated)	1,663,131
Fund balance, ending	<u>\$ 2,353,008</u>

(Continued)

CITY OF WILLIAMSBURG, VIRGINIA**NOTES TO FINANCIAL STATEMENTS**
June 30, 2001**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

General long-term debt of the joint school operations consists of liabilities for early retirement, compensated absences and obligations under capital leases. Each participating government is responsible for its own debt related school properties.

(3) Williamsburg Regional Library

The Library is a joint operation of the City of Williamsburg and James City County, under the latest contract dated January 14, 1999. It also receives funding from the State of Virginia, the federal government, York County, and private sources. Also, the Library's board is split between City and County appointees. The Library's management is also independent from City and County control. During the current fiscal year, the City contributed \$612,682 to the Library's operating budget, or 16.41% of its net appropriated support. Separate financial statements are prepared and are available, which reflect the details of its operations.

(4) Other Agencies

Certain agencies and commissions service both the City of Williamsburg and surrounding localities. Board membership is allocated among the localities and their governing bodies make appointments. These agencies include: Peninsula Planning District Commission (PPDC), Peninsula Economic Development Council (PEDC), Industrial Development Authority (IDA), the Colonial Health and Mental Retardation Services Board (Colonial Services Board), the Regional Jail, Shared Court Facility, Group Home Commission and the Middle Peninsula Juvenile Detention Commission.

B. Financial Statement Presentation

The accounts of the City are organized into funds and account groups, each of which is considered to be a separate accounting entity. The major fund categories and account groups are:

Governmental Fund Types. Governmental funds use the current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. The operating statements present sources and uses of available resources during a given period. The individual Governmental Funds are:

General Fund:

The General Fund accounts for all revenues and expenditures of the City which are not accounted for in other funds. Revenues are derived from general property taxes, other local taxes, licenses and permits, and revenues from other governmental units.

Special Revenue Funds:

Special Revenue Funds account for the proceeds of specific revenue sources (other than those derived from special assessments or dedicated for major capital projects) that are legally restricted to expenditures for specific purposes. The Special Revenue Funds consist of the Virginia Public Assistance Fund, Law Enforcement Block Grant Fund and the 300th Anniversary Fund. The 300th Anniversary Fund was closed during 2001.

(Continued)

CITY OF WILLIAMSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund Types. Proprietary funds use the economic resources measurement focus. The accounting objectives are determination of net income, financial position, and cash flows. All assets and liabilities associated with a proprietary fund's activities are included on its balance sheet. Proprietary fund equity is segregated into contributed capital and retained earnings. The Utility Fund, consisting of the operations for sewer and water services, is the City's only Proprietary Fund.

Agency Fund Types. Agency funds are custodial in nature and do not involve measurement of results of operations. The City's Agency funds include the Williamsburg Regional Library, the Williamsburg Tricentennial Fund, the Colonial CASA Fund, the Industrial Development Authority, and the Housing Authority.

Account Groups. The account groups are used to account for fixed assets and long-term liabilities, which are not reported, in the respective governmental funds. The account groups include the following:

General Fixed Assets:

The General Fixed Assets Account Group accounts for all property, plant and equipment of the City, other than those accounted for in the Proprietary Funds.

General Long-term Debt:

The General Long-term Debt Account Group accounts for the long-term liabilities of the City, except those accounted for in the Proprietary Funds.

Total Columns. Totals columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Interfund eliminations have not been made in the aggregation of this data, and it is, therefore, not comparable to consolidation.

C. Basis of Accounting

Governmental Funds:

The City uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred.

Real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 45 days after year-end are reflected as deferred revenues – uncollected property taxes. Sales and utility taxes, which are collected by the State or utilities and subsequently remitted to the City, are recognized as revenues and receivables upon collection by the State or utility, which is generally in the month preceding receipt by the City. Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of Federal, State and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditures.

(Continued)

CITY OF WILLIAMSBURG, VIRGINIA**NOTES TO FINANCIAL STATEMENTS**
June 30, 2001**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Proprietary Funds:**

The accrual basis of accounting is used for the Utility Fund. The accrual basis of accounting recognizes revenue when earned. Expenses are recorded when incurred.

Agency Funds:

The Agency Funds utilize the modified accrual basis of accounting.

D. Budgets and Budgetary Accounting

Formal budgetary integration is employed as a management control device during the year for the General Fund and Enterprise Fund. Annual operating budgets are adopted by ordinances and resolutions passed by the City Council for those funds. Special revenue funds do not have an annual operating budget adopted by City Council except for operating transfers to the Virginia Public Assistance Fund. Those operating transfers augment the state approved budget for the Virginia Public Assistance Fund. Budgets are prepared on the same basis of accounting used for financial reporting purposes. The City does not integrate the use of encumbrance accounting in any of its funds. The original budgets and revisions, if any, are authorized at the department level by City Council.

The City Manager has the authority to transfer amounts within the departments, so long as the total appropriation for a department is not adjusted. Budget amounts reflected in the financial statements are as originally adopted, or as amended. Individual amendments were not material in relation to the original appropriations. All appropriations, which are non-capital in nature, lapse at year-end to the extent that they have not been fully expended.

E. Real Estate and Personal Property Taxes

Property taxes are based upon the rate levied by City Council multiplied by the taxable assessed value. The City Assessor, based on the fair market value on July 1 of the current fiscal year, determines assessed value of real estate annually. The Commissioner of Revenue with the use of National Automobile Dealers Association appraisal guides determines personal property values. Real estate taxes, levied July 1 (lien date), are billed semi-annually and are due December 1 and June 1 of each fiscal year. Personal property taxes, levied January 1, are billed annually and are due December 1. Tax rates for bills due December 1, 2000 and June 1, 2001, were \$0.54 per \$100 assessed value of real estate and \$3.50 per \$100 appraisal value for personal property taxes. A 10% penalty or \$10, whichever is greater, is imposed on all delinquent taxes collected after the due dates. Interest is also imposed after the due dates at the rate of 10% annually. The Finance Office maintains real estate taxes receivable.

F. Allowance for Uncollectible Accounts

The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance for uncollectible taxes amounted to \$361,905 at June 30, 2001.

(Continued)

CITY OF WILLIAMSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Fixed Assets

Property, plant and equipment of all funds are stated at historical cost. Donated fixed assets are stated at their fair value on the date donated.

Proprietary fund fixed assets are recorded in the utility fund and depreciated using the straight-line method. Estimated useful lives, in years, for depreciable assets are as follows:

	<u>Utility Fund</u>
Water/sewer system	40 years
Buildings	50 years
Improvements other than buildings	40-50 years
Equipment	4-8 years

Governmental fund fixed assets are recorded in the General Fixed Asset Account Group and are not depreciated. The City has elected not to report public domain or infrastructure fixed assets that are immovable and of value only to the City government.

H. Accrued Vacation

Permanent full-time and permanent part-time employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. The estimated current portion of the liability for vested vacation benefits attributable to the City's governmental funds is recorded as an expenditure and liability in the respective funds. The long-term portion is recorded in the General Long-Term Debt Account Group. The amounts attributable to proprietary funds are charged to expense and a corresponding liability in the Utility Fund.

I. Unbilled Revenue

The City records the amount of accrued but unbilled revenue for the Enterprise Fund by prorating actual subsequent billings.

J. Fund Equity Balances

The Fund Equity Balances have been classified to reflect the limitations and restrictions placed on the respective funds:

Contributed Capital includes capital contributions to proprietary funds from the City, other governments, and developers.

Investment in General Fixed Assets represents the investment in City-owned general fixed assets, which have been capitalized.

Unreserved Retained Earnings represents the remainder of the City's equity in the Proprietary Funds.

Fund Balances - Undesignated represents the remainder of the City's equity in the Governmental Funds.

CITY OF WILLIAMSBURG, VIRGINIA**NOTES TO FINANCIAL STATEMENTS**
June 30, 2001**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)****K. Pension Plan**

The City's policy is to fund pension costs which consist of normal costs actuarially determined using entry age, normal cost calculations, and amortization of past service costs over forty years.

L. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS**A. Deposits**

At year-end, the carrying value of the City's deposits with banks and savings institutions was \$708,497 and the bank balance was \$799,664. Of the bank balance, all was covered by federal depository insurance or collateralized in accordance with Virginia Security for Public Deposits Act.

Under the Act, all such deposits of the City are considered to be insured. Also, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loans. Of the bank balance, none was uninsured and uncollateralized in banks or savings and loans not qualifying under the Act at June 30, 2001.

The City also has \$1,905,368 in a money market fund held in its name by its broker. As these funds are liquid and readily available to the City, they are classified as cash.

B. Investments

Statutes authorize the City to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

The City's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its safekeeping agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counter party's trust department or safekeeping agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party or by its trust department or safekeeping agent but not in the City's name.

(Continued)

CITY OF WILLIAMSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2001

2. CASH AND INVESTMENTS (Concluded)

	Category			Carrying (Fair) Value	Unamortized Cost
	1	2	3		
U.S. Government					
Securities	\$ 5,229,648	\$ -	\$ -	\$ 5,229,648	\$ 5,215,157
Corporate Bonds	3,851,847	-	-	3,851,847	3,832,236
	<u>\$ 9,081,495</u>	<u>\$ -</u>	<u>\$ -</u>	<u>9,081,495</u>	<u>9,047,393</u>

Uncategorized Investments

Investment in State Treasurer's Local Government Investment Pool	<u>9,341,175</u>	<u>9,341,175</u>
Total Investments	18,422,670	18,388,568
Total Deposits	<u>2,613,865</u>	<u>2,613,865</u>
Total Investments and Deposits	<u>\$ 21,036,535</u>	<u>\$ 21,002,433</u>

The City invests in the Local Government Investment Pool, administered by the Commonwealth of Virginia. These approved investments are carried at cost, which approximates market, and may be liquidated as needed. These investment pools have not been assigned a risk category since the City is not issued securities, but rather owns an undivided beneficial interest in the assets of these pools.

Maturities of categorized investments are as follows:

Year Ended	Carrying (Fair) Value	Unamortized Cost
June 30, 2002	\$ 1,638,802	\$ 1,626,994
June 30, 2003	5,245,506	5,227,936
June 30, 2004	1,848,816	1,844,093
June 30, 2005	348,371	348,370
Total	<u>\$ 9,081,495</u>	<u>\$ 9,047,393</u>

3. NOTE RECEIVABLE

The City has a noninterest bearing \$80,000 note receivable due from the Williamsburg Redevelopment and Housing Authority secured by a deed of trust. The note is due on the earlier of the sale of the secured land or May, 2004.

4. INTERFUND OBLIGATIONS

Fund	Interfund Receivables	Interfund Payables
General	\$ 70,722	\$ -
Special revenue	-	58,023
Enterprise	-	12,699
	<u>\$ 70,722</u>	<u>\$ 70,722</u>

CITY OF WILLIAMSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2001**5. DUE FROM OTHER GOVERNMENTAL UNITS**

Amounts due from other governmental units at June 30, 2001, are as follows:

Federal Government				
Grant expense reimbursement				\$ 39,065
Commonwealth of Virginia				
Street and highway maintenance	\$ 412,068			
Local sales tax	316,532			
State sales tax	72,793			
Rolling stock tax	10,026			
Grantor's tax	29,290			
Shared expenses	40,975			
Grant revenue	<u>15,622</u>			897,306
James City County				
Shared expenses				79,463
Total				<u>\$ 1,015,834</u>

6. FIXED ASSETSProprietary Fund Fixed Assets:

A summary of Proprietary Fund property, plant, and equipment at June 30, 2001, is as follows:

Land	\$ 7,754,591			
Buildings	6,575,039			
Improvements other than buildings	7,817,648			
Equipment	<u>547,042</u>			
Less accumulated depreciation	22,694,320			
Total	<u>7,885,108</u>			
Open space easement	14,809,212			
Total	<u>653,800</u>			
	<u>\$ 15,463,012</u>			

General Fixed Assets:

A summary of changes in General Fixed Assets for the year is as follows:

	Balance July 1, 2000	Additions	Deletions	Balance June 30, 2001
Land	\$ 11,040,748	\$ -	\$ 97,180	\$ 10,943,568
Buildings	20,609,239	752,720	271,305	21,090,654
Improvements other than buildings	5,544,712	950,003	7,766	6,486,949
Equipment	5,658,984	330,533	1,139,935	4,849,582
Totals	<u>\$ 42,853,683</u>	<u>\$ 2,033,256</u>	<u>\$ 1,516,186</u>	<u>\$ 43,370,753</u>

CITY OF WILLIAMSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2001**7. DEFERRED REVENUE**

Deferred revenue at June 30, 2001 consists of the following:

	General Fund	Special Revenue Fund
Taxes not collected within 45 days	\$ 174,552	\$ -
Unexpended grants and designations	143,919	11,586
Total deferred revenue	<u>\$ 318,471</u>	<u>\$ 11,586</u>

8. LONG TERM DEBT OBLIGATIONSEnterprise Fund:

During 2001, the City authorized and issued a \$5,780,000 general obligation bond for the purpose of financing the acquisition of real estate for watershed protection in the Waller Mill Reservoir Watershed and to pay costs associated with the issuance of the bond. Principal is due January 2006. Interest is payable semi-annually at a fixed rate of 4.22%.

The City authorized and issued a \$2,000,000 general obligation bond in August 1997 for the purpose of improvements to the City's water filtration plant. The bond is payable in quarterly principal installments of \$33,333 plus interest at a fixed rate of 4.94%. Payments are due the first day of each March, June, September, and December. Payments began December 1997 and end September 2012.

The City purchased an open spaced conservation easement and a right of first refusal to purchase the property. The consideration is in the form of the City's nonnegotiable, unsecured, tax-exempt, general obligation bonds, payable in the principal amount of \$653,800, bearing interest at an annual rate of 6.75%. In July, the City refinanced the bonds at a reduced rate of 4% with principal and interest paid monthly until August 2006.

Maturities of debt are as follows:

Year Ended	Amount
June 30, 2002	\$ 233,438
June 30, 2003	257,941
June 30, 2004	263,018
June 30, 2005	268,301
June 30, 2006	6,053,800
Thereafter	857,302
Total	\$ 7,933,800

General Long-Term Debt Account Group:

Changes in long-term debt for the year ended June 30, 2001, are summarized as follows:

	Balance July 1, 2000	Debt Issued	Debt Retirements	Balance June 30, 2001
Accrued vacation pay	\$ 197,380	\$ -	\$ 38,965	\$ 158,415
Sales tax overpayment	236,570	-	182,368	54,202
Bonds payable	7,228,000	-	788,000	6,440,000
	<u>\$ 7,661,950</u>	<u>\$ -</u>	<u>\$ 1,009,333</u>	<u>\$ 6,652,617</u>

(Continued)

CITY OF WILLIAMSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2001**8. LONG-TERM DEBT OBLIGATIONS (Concluded)**

The City authorized and issued a general obligation bond on November 1, 1996, for the purpose of a land purchase. This bond is payable in principal installments of \$388,000 plus interest at the rate of 4% per annum, payments due each June 30, beginning June 30, 1997, and ending June 30, 2006.

The City authorized and issued a \$4,000,000 general obligation bond for the purpose of financing several public improvement projects payable in principal installments of \$66,666 plus interest at a variable rate equal to the London Interbank Offered Rate (LIBOR) minus one and forty one-hundredths percent (1.40%). Payments are due the first day of each March, June, September, and December through June 2012.

Additionally, the City authorized and issued a \$2,000,000 general obligation bond in August 1997. The bond is payable in quarterly principal installments of \$33,333 plus interest at a fixed rate of 4.94%. Payments are due the first day of each March, June, September, and December. Payments began December 1997 and end September 2012.

9. SURETY BONDS OF PRINCIPAL OFFICIALS

As of June 30, 2001, the City maintains surety bonds in the following amounts:

Fidelity and Deposit Company of Maryland

Philip F. Serra, Director of Finance	\$ 500,000
Elna W. Pitts, Commissioner of the Revenue	550,000
Betsy Woolridge, Clerk of Circuit Court	103,000
Robert Deeds, Sheriff	30,000
Employees of Constitutional officers – blanket bond	1,000,000
Police Department – blanket bond	100,000
All City of Williamsburg employees except Constitutional Officers and their subordinates and the Police Department	100,000

10. DEFINED BENEFIT PENSION PLAN**A. Plan Description**

Name of Plan: Virginia Retirement System (VRS)

Identification of Plan: Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Administering Entity: Virginia Retirement System (System)

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters and sheriffs) payable monthly for life in an amount equal to 1.7% of their average final salary (AFS) for each year of credited service. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living increases limited to 5% per year beginning in their second year of retirement. AFS is defined as the highest consecutive 36 months of salary. Participating local law enforcement officers, firefighters and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the *Code of Virginia* (1950), as amended, assigns the authority to establish and

(Continued)

CITY OF WILLIAMSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2001

10. DEFINED BENEFIT PENSION PLAN (Concluded)

A. Plan Description (Continued)

amend benefit provisions to the General Assembly of Virginia. The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be obtained by writing the System at P.O. Box 2500, Richmond, Virginia 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5% of their annual salary to the VRS. The City has assumed this 5% member contribution. In addition, the City is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees. The City's contribution rate for the fiscal year ended June 30, 2001, was 8.07% of annual covered payroll.

C. Annual Pension Cost

For the fiscal year ended June 30, 2001, the City's annual pension cost of \$847,869 was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 1999, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8% investment rate of return, (b) projected salary increases ranging from 4% to 6.15% per year, and (c) 3.5% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 4%. The actuarial value of the City's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The City's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis within a period of 27 years or less.

Three-Year Trend Information for the City of Williamsburg, Virginia

Fiscal Year Ending	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
June 30, 1999	\$ 1,130,773	100%	\$ -
June 30, 2000	932,658	100%	-
June 30, 2001	847,869	100%	-

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress for the City of Williamsburg, Virginia

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)
June 30, 1998	\$19,773,036	\$22,181,893	\$2,408,857
June 30, 1999	23,090,888	24,955,596	1,864,708
June 30, 2000	26,798,629	26,219,796	(578,833)

Actuarial Valuation Date	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 1998	89.14%	7,238,137	33.28%
June 30, 1999	92.53%	7,684,124	24.27%
June 30, 2000	102.21%	6,241,551	(9.27%)

CITY OF WILLIAMSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2001**11. EXCESS OF EXPENDITURES OVER APPROPRIATIONS AT THE FUNCTIONING LEVEL**

As per NCGAI 6, paragraph 4, the following are being disclosed:

<u>Department</u>	<u>Budget</u>	<u>Actual</u>	<u>Overexpended Amount</u>
Electoral board and officials	\$ 12,470	\$ 14,548	\$ 2,078
Registrar	78,605	83,768	5,163
E-911	400,403	410,292	9,889
Animal control	21,900	25,779	3,879
Courthouse and jail	-	17,647	17,647
Administration of schools	7,460	7,643	183
Administration – parks and recreation	315,420	321,814	6,394
Regional library	613,682	616,281	2,599

12. LITIGATION

The City, after reviewing with counsel all actions and proceedings against it, considers that aggregate liability or loss, if any, resulting there from will not be material.

13. CONTINGENT LIABILITIES

Federal programs in which the City participates were audited in accordance with the provisions of the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Pursuant to the provisions of Circular A-133, federal programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal government may subject grant programs to additional compliance tests which may result in disallowed expenditures in the opinion of management, any future disallowances of current grant expenditures would be immaterial.

14. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported.

The City has a self-insurance plan for its employee health insurance coverage. The City currently reports all of its risk management activities in its General Fund. At June 30, 2001, the amount of the liability is \$289,983. This liability is the City's best estimate based on available information. General Fund investments are currently sufficient to fund the City's future claims liabilities. The liability is computed as follows:

	<u>Beginning Balance</u>	<u>Premiums Received</u>	<u>Settlement Expense</u>	<u>Ending Balance</u>
1999	\$ 313,440	\$ 768,395	\$ 703,043	\$ 378,792
2000	\$ 378,792	\$ 558,422	\$ 696,279	\$ 240,935
2001	\$ 240,935	\$ 686,106	\$ 637,058	\$ 289,983

GENERAL FUND

The General Fund accounts for the resources used to finance the fundamental operations of the City.

This is the basic fund of the City of Williamsburg and covers all activities for which separate funds have not been established.

CITY OF WILLIAMSBURG, VIRGINIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Revenue from Local Sources			
General Property Taxes			
Real property taxes	\$ 4,700,000	\$ 4,681,313	\$ (18,687)
Real and personal public service corporation property taxes	235,300	255,670	20,370
Personal property taxes	867,000	917,722	50,722
Mobile home taxes	3,000	3,140	140
Business property taxes	1,160,000	1,207,908	47,908
Penalties	41,000	56,962	15,962
Interest	26,000	18,145	(7,855)
Total General Property Taxes	<u>7,032,300</u>	<u>7,140,860</u>	<u>108,560</u>
Other Local Taxes			
Local sales and use taxes	4,025,000	3,720,937	(304,063)
Consumers' utility taxes	457,000	505,987	48,987
Business license taxes	1,487,000	1,592,792	105,792
Franchise license taxes	169,000	216,307	47,307
Bank stock taxes	165,000	238,379	73,379
Taxes on recordation and wills	100,000	104,137	4,137
Hotel and motel room taxes	4,125,000	3,895,420	(229,580)
Restaurant food taxes	5,100,000	5,114,515	14,515
Total Other Local Taxes	<u>15,628,000</u>	<u>15,388,474</u>	<u>(239,526)</u>
Permits, Privilege Fees and Regulatory Licenses			
Animal licenses	550	611	61
Permits and other licenses	<u>146,400</u>	<u>266,436</u>	<u>120,036</u>
Total Permits, Privilege Fees and Regulatory Licenses	<u>146,950</u>	<u>267,047</u>	<u>120,097</u>
Fines and Forfeitures	240,000	253,578	13,578
Revenue from Use of Money and Property			
Revenue from use of money	750,000	987,325	237,325
Revenue from use of property	<u>115,800</u>	<u>128,809</u>	<u>13,009</u>
Total Revenue from Use of Money and Property	<u>865,800</u>	<u>1,116,134</u>	<u>250,334</u>

(Continued)

CITY OF WILLIAMSBURG, VIRGINIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
Year Ended June 30, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue from Local Sources (Concluded)			
Charges for Services			
Sheriff's fees	\$ 1,366	\$ 3,046	\$ 1,680
Commonwealth Attorney's fees	500	717	217
Charges for parks and recreation	281,000	265,272	(15,728)
Charges for planning and community development	45,000	50,773	5,773
Total Charges for Services	<u>327,866</u>	<u>319,808</u>	<u>(8,058)</u>
Miscellaneous revenue	<u>570,200</u>	<u>989,122</u>	<u>418,922</u>
Total Revenue from Local Sources	<u>24,811,116</u>	<u>25,475,023</u>	<u>663,907</u>
Revenue from the Commonwealth			
Noncategorical Aid			
ABC profits	29,800	30,504	704
Wine taxes	17,235	17,542	307
Rolling stock taxes	5,710	10,026	4,316
Rental car taxes	8,000	5,502	(2,498)
Grantor's tax	70,300	75,648	5,348
DJCP grants for law enforcement	326,735	315,705	(11,030)
Total Noncategorical Aid	<u>457,780</u>	<u>454,927</u>	<u>(2,853)</u>
Categorical Aid			
Shared expenses			
Commissioner of the Revenue	75,000	76,788	1,788
Treasurer	22,000	22,065	65
Medical Examiner	100	210	110
Registrar/Electoral Board	36,000	40,975	4,975
Total Shared Expenses	<u>133,100</u>	<u>140,038</u>	<u>6,938</u>
Education			
State sales tax	<u>430,889</u>	<u>458,015</u>	<u>27,126</u>

(Continued)

CITY OF WILLIAMSBURG, VIRGINIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
Year Ended June 30, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue from the Commonwealth (Concluded)			
Other Categorical Aid			
Arts Commission	\$ 62,675	\$ 65,550	\$ 2,875
Street and highway maintenance	935,000	985,719	50,719
Emergency services	5,800	9,887	4,087
Fire program fund	15,000	16,203	1,203
Litter prevention & recycling	5,600	5,827	227
Total Other Categorical Aid	1,024,075	1,083,186	59,111
Total Categorical Aid	1,588,064	1,681,239	93,175
Total Revenue from the Commonwealth	2,045,844	2,136,166	90,322
Revenue from the Federal Government			
COPS grant	100,000	87,837	(12,163)
Total Revenue from the Federal Government	100,000	87,837	(12,163)
Total Intergovernmental Revenue	2,145,844	2,224,003	78,159
Total Revenues	26,956,960	27,699,026	742,066
EXPENDITURES			
General Government Administration			
Legislative			
City Council	84,748	78,873	5,875
Clerk of Council	81,805	76,160	5,645
Total Legislative	166,553	155,033	11,520
General and Financial Administration			
City Manager	373,260	321,937	51,323
City attorney	92,500	90,752	1,748
Commissioner of the Revenue	164,175	159,491	4,684
Assessor	115,180	107,702	7,478
Treasurer	54,537	41,126	13,411
Director of Finance	790,930	784,495	6,435
City Shop	175,794	174,023	1,771
Total General and Financial Administration	1,766,376	1,679,526	86,850

(Continued)

CITY OF WILLIAMSBURG, VIRGINIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
Year Ended June 30, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
General Government Administration (Concluded)			
Board of Elections			
Electoral board and officials	\$ 12,470	\$ 14,548	\$ (2,078)
Registrar	78,605	83,768	(5,163)
Total Board of Elections	91,075	98,316	(7,241)
Total General Government Administration	2,024,004	1,932,875	91,129
Judicial Administration			
Courts			
Courthouse	325,000	275,310	49,690
Magistrate	2,338	-	2,338
Total Judicial Administration	327,338	275,310	52,028
Public Safety			
Law Enforcement and Traffic Control	2,446,017	2,323,436	122,581
E-911	400,403	410,292	(9,889)
Fire and Rescue Services	2,179,753	2,114,910	64,843
Correction and Detention			
Regional jail	566,392	479,902	86,490
Court servicing unit	94,000	82,234	11,766
Group home commission	35,394	35,394	-
Total Correction and Detention	695,786	597,530	98,256
Inspections	236,958	216,220	20,738

(Continued)

CITY OF WILLIAMSBURG, VIRGINIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
Year Ended June 30, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
Public Safety (Concluded)			
Other Protection			
Animal Control	\$ 21,900	\$ 25,779	\$ (3,879)
Medical Examiner	350	350	-
Emergency management	5,000	3,010	1,990
	<hr/>	<hr/>	<hr/>
Total Other Protection	27,250	29,139	(1,889)
	<hr/>	<hr/>	<hr/>
Total Public Safety	5,986,167	5,691,527	294,640
Public Works			
Maintenance of Highways, Streets, Bridges and Sidewalks			
General engineering	166,964	165,478	1,486
Highways, streets, bridges and sidewalks	1,301,515	1,154,900	146,615
	<hr/>	<hr/>	<hr/>
Total Maintenance of Highways, Streets, Bridges and Sidewalks	1,468,479	1,320,378	148,101
	<hr/>	<hr/>	<hr/>
Sanitation and Waste Removal			
Refuse collection	466,000	442,928	23,072
	<hr/>	<hr/>	<hr/>
Total Sanitation and Waste Removal	466,000	442,928	23,072
	<hr/>	<hr/>	<hr/>
Maintenance of General Buildings and Grounds			
Courthouse and jail	-	17,647	(17,647)
Municipal complex - new	356,910	347,928	8,982
Rental properties	12,350	7,534	4,816
Information resources	379,000	371,031	7,969
Landscaping	402,880	394,893	7,987
	<hr/>	<hr/>	<hr/>
Total Maintenance of General Buildings and Grounds	1,151,140	1,139,033	12,107
	<hr/>	<hr/>	<hr/>
Total Public Works	3,085,619	2,902,339	183,280
Health and Welfare			
Health			
Local health department	187,734	187,257	477
Mosquito control	6,650	5,616	1,034
	<hr/>	<hr/>	<hr/>
Total Health	194,384	192,873	1,511
	<hr/>	<hr/>	<hr/>

(Continued)

CITY OF WILLIAMSBURG, VIRGINIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
Year Ended June 30, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
Health and Welfare (Concluded)			
Mental Health and Mental Retardation			
Colonial Services Board	\$ 170,229	\$ 170,229	\$ -
Social Services			
Public Assistance	3,130	488	2,642
Transportation	3,500	1,933	1,567
Total Social Services	6,630	2,421	4,209
Total Health and Welfare	371,243	365,523	5,720
Education			
Administration of schools	7,460	7,643	(183)
Contributions to local school district	6,488,506	6,488,506	-
Total Education	6,495,966	6,496,149	(183)
Parks, Recreation and Cultural			
Parks and Recreation			
Administration	315,420	321,814	(6,394)
Parks supervision	148,015	134,577	13,438
Playgrounds	546,115	517,596	28,519
Cemeteries	41,122	38,878	2,244
Total Parks and Recreation	1,050,672	1,012,865	37,807
Regional Library	613,682	616,281	(2,599)
Total Parks, Recreation and Cultural	1,664,354	1,629,146	35,208
Community Development			
Planning and Community Development			
Planning	350,325	308,061	42,264
Community development	2,417,243	2,417,123	120
Total Planning and Community Development	2,767,568	2,725,184	42,384
Arts commission	125,350	121,033	4,317
Total Community Development	2,892,918	2,846,217	46,701

(Continued)

CITY OF WILLIAMSBURG, VIRGINIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (CONCLUDED)
Year Ended June 30, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
Nondepartmental	\$ 100,000	\$ 6,210	\$ 93,790
Capital Projects	5,168,027	2,288,580	2,879,447
Debt Service			
Principal Interest	788,000 305,503	788,000 323,094	- (17,591)
Total Debt Service	1,093,503	1,111,094	(17,591)
Total Expenditures	29,209,139	25,544,970	3,664,169
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,252,179)	2,154,056	4,406,235
OTHER FINANCING SOURCES (USES)			
Operating transfers out	(377,683)	(338,473)	39,210
Sale of land	-	503,109	503,109
Total Other Financing Sources (Uses)	(377,683)	164,636	542,319
OTHER FINANCING SOURCES (USES)			
FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(2,629,862)	2,318,692	4,948,554
FUND BALANCE, Beginning	14,932,925	14,932,925	-
Residual Equity Transfer	51,796	51,796	-
FUND BALANCE, Ending	<u>\$ 12,354,859</u>	<u>\$ 17,303,413</u>	<u>\$ 4,948,554</u>

The Notes to the Financial Statements are an integral part of this statement.

SPECIAL REVENUE FUNDS

A Special Revenue Fund is used to account for the proceeds of specific revenue sources that are restricted by law or administrative action.

Virginia Public Assistance Fund

This fund is used to account for contributions for local public welfare administration. Funds are disbursed by the Department of Social Services.

Law Enforcement Block Grant Fund

This fund is used to underwrite projects to reduce crime and improve public safety through a grant received from the U.S. Department of Justice.

300th Anniversary Fund

This fund is used to promote and celebrate the 300th anniversary of Williamsburg.

CITY OF WILLIAMSBURG, VIRGINIA
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2001

	Virginia Public Assistance Fund	Law Enforcement Block Grant Fund	300th Anniversary Fund	Totals
ASSETS				
Cash and cash equivalents	\$ 145,337	\$ 133	\$ -	\$ 145,470
Due from other governmental units:				
Commonwealth of Virginia	15,622	-	-	15,622
Federal Government	<u>39,065</u>	<u>-</u>	<u>-</u>	<u>39,065</u>
Total Assets	\$ 200,024	\$ 133	\$ -	\$ 200,157
LIABILITIES				
Accrued vacation pay	\$ 12,971	\$ -	\$ -	\$ 12,971
Due to general fund	58,023	-	-	58,023
Deferred revenue	<u>11,586</u>	<u>-</u>	<u>-</u>	<u>11,586</u>
Total Liabilities	82,580	-	-	82,580
EQUITY AND OTHER CREDITS				
Fund Balance				
Unreserved:				
Undesignated	<u>117,444</u>	<u>133</u>	<u>-</u>	<u>117,577</u>
Total Liabilities and Equity	\$ 200,024	\$ 133	\$ -	\$ 200,157

CITY OF WILLIAMSBURG, VIRGINIA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
Year Ended June 30, 2001

	Virginia Public Assistance Fund	Law Enforcement Block Grant Fund	300th Anniversary Fund	Totals
REVENUES				
Revenue from the use of money	\$ -	\$ 190	\$ -	\$ 190
Miscellaneous revenue	12,781	1,379	10,562	24,722
Intergovernmental:				
Commonwealth of Virginia	225,543	-	-	225,543
Federal government	578,023	13,988	-	592,011
Total Intergovernmental Revenues	803,566	13,988	-	817,554
Total Revenues	816,347	15,557	10,562	842,466
EXPENDITURES				
Public safety	-	16,434	-	16,434
Health and welfare	1,124,184	-	-	1,124,184
Community development	-	-	135	135
Total Expenditures	1,124,184	16,434	135	1,140,753
Excess (Deficiency) of Revenues Over Expenditures	(307,837)	(877)	10,427	(298,287)
OTHER FINANCING SOURCES				
Operating transfers in	338,473	-	-	338,473
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES				
	30,636	(877)	10,427	40,186
FUND BALANCE, Beginning	86,808	1,010	41,369	129,187
Residual Equity Transfer	-	-	(51,796)	(51,796)
FUND BALANCE, Ending	\$ 117,444	\$ 133	\$ -	\$ 117,577

The Notes to Financial Statements are an integral part of this statement.

AGENCY FUNDS

Agency Funds are established to administer resources received and held by a governmental unit as the trustee or as the agent for others.

Williamsburg Regional Library Fund

The City acts as agent for all funds received by the Library. The City accounts for and disburses all monies to the Library.

Williamsburg Tricentennial Fund

The City acts as agent for all funds received for the Williamsburg Tricentennial.

Colonial CASA Fund

The City acts as agent for all funds received for the Colonial CASA Fund.

Industrial Development Authority

The City acts as an agent for all funds received for the Industrial Development Authority.

Williamsburg Redevelopment and Housing Authority

The City acts as an agent for federal and state funds received by the Housing Authority.

CITY OF WILLIAMSBURG, VIRGINIA
AGENCY FUNDS
COMBINING BALANCE SHEET
June 30, 2001

	Williamsburg Regional Library	Williamsburg Tricentennial Fund	Colonial CASA Fund	Industrial Development Authority	Williamsburg Redevelopment and Housing Authority	Totals
ASSETS						
Cash and cash equivalents	\$ 8,393	\$ -	\$ 26,897	\$ 67,910	\$ -	\$ 103,200
Investments	-	5,166	-	-	-	5,166
Accounts receivable	-	-	600	-	-	600
Total Assets	\$ 8,393	\$ 5,166	\$ 27,497	\$ 67,910	\$ -	\$ 108,966
LIABILITIES						
Due to agency	\$ 8,393	\$ 5,166	\$ 27,497	\$ 67,910	\$ -	\$ 108,966
Total Liabilities	\$ 8,393	\$ 5,166	\$ 27,497	\$ 67,910	\$ -	\$ 108,966

The Notes to Financial Statements are an integral part of this statement.

CITY OF WILLIAMSBURG, VIRGINIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year Ended June 30, 2001

	Balance July 1, 2000	Additions	Deductions	Balance June 30, 2001
Williamsburg Regional Library				
Assets				
Cash and cash equivalents	\$ 8,423	\$ 4,719,566	\$ 4,719,596	\$ 8,393
Liabilities				
Due to agency	<u>\$ 8,423</u>	<u>\$ 4,719,566</u>	<u>\$ 4,719,596</u>	<u>\$ 8,393</u>
Williamsburg Tricentennial Fund				
Assets				
Investments	<u>\$ 4,927</u>	<u>\$ 239</u>	<u>\$ -</u>	<u>\$ 5,166</u>
Liabilities				
Due to agency	<u>\$ 4,927</u>	<u>\$ 239</u>	<u>\$ -</u>	<u>\$ 5,166</u>
Colonial CASA Fund				
Assets				
Cash and cash equivalents	\$ 20,481	\$ 117,862	\$ 111,446	\$ 26,897
Accounts receivable	2,100	-	1,500	600
Total Assets	<u>\$ 22,581</u>	<u>\$ 117,862</u>	<u>\$ 112,946</u>	<u>\$ 27,497</u>
Liabilities				
Due to agency	<u>\$ 22,581</u>	<u>\$ 117,862</u>	<u>\$ 112,946</u>	<u>\$ 27,497</u>
Industrial Development Authority				
Assets				
Cash and cash equivalents	<u>\$ 23,032</u>	<u>\$ 45,000</u>	<u>\$ 122</u>	<u>\$ 67,910</u>
Liabilities				
Due to agency	<u>\$ 23,032</u>	<u>\$ 45,000</u>	<u>\$ 122</u>	<u>\$ 67,910</u>
Williamsburg Redevelopment and Housing Authority				
Assets				
Cash and cash equivalents	<u>\$ -</u>	<u>\$ 278,137</u>	<u>\$ 278,137</u>	<u>\$ -</u>
Liabilities				
Due to agency	<u>\$ -</u>	<u>\$ 278,137</u>	<u>\$ 278,137</u>	<u>\$ -</u>
Totals - All Agency Funds				
Assets				
Cash and cash equivalents	\$ 51,936	\$ 5,160,565	\$ 5,109,301	\$ 103,200
Investments	4,927	239	-	5,166
Accounts receivables	2,100	-	1,500	600
Total Assets	<u>\$ 58,963</u>	<u>\$ 5,160,804</u>	<u>\$ 5,110,801</u>	<u>\$ 108,966</u>
Total Liabilities				
Due to agency	<u>\$ 58,963</u>	<u>\$ 5,160,804</u>	<u>\$ 5,110,801</u>	<u>\$ 108,966</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group is established to account for fixed assets not used in Proprietary Fund operations.

CITY OF WILLIAMSBURG, VIRGINIA
GENERAL FIXED ASSET ACCOUNT GROUP
SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE
June 30, 2001

GENERAL FIXED ASSETS

Land	\$ 10,943,568
Buildings	21,090,654
Improvements other than buildings	6,486,949
Equipment	<u>4,849,582</u>
Total General Fixed Assets	<u>\$ 43,370,753</u>

INVESTMENT IN GENERAL FIXED ASSETS

General fund	<u>\$ 43,370,753</u>
--------------	----------------------

CITY OF WILLIAMSBURG, VIRGINIA
GENERAL FIXED ASSET ACCOUNT GROUP
SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY
June 30, 2001

	<u>Land</u>	<u>Buildings</u>	Improvements		<u>Totals</u>
			<u>Other than Buildings</u>	<u>Equipment</u>	
GENERAL GOVERNMENT					
Administration	\$ 10,247,283	\$ 17,465,562	\$ 4,101,434	\$ 546,626	\$ 32,360,905
Legislative	-	-	-	5,658	5,658
Executive	-	-	-	18,000	18,000
Finance	-	-	-	270,773	270,773
Total General Government	<u>10,247,283</u>	<u>17,465,562</u>	<u>4,101,434</u>	<u>841,057</u>	<u>32,655,336</u>
PUBLIC SAFETY					
Police	-	500,217	203,267	972,746	1,676,230
Fire	45,875	513,700	-	1,893,963	2,453,538
Total Public Safety	<u>45,875</u>	<u>1,013,917</u>	<u>203,267</u>	<u>2,866,709</u>	<u>4,129,768</u>
PUBLIC WORKS AND ENGINEERING					
	<u>132,120</u>	<u>928,649</u>	<u>359,309</u>	<u>981,291</u>	<u>2,401,369</u>
PARKS AND RECREATION					
	<u>492,490</u>	<u>1,682,526</u>	<u>1,822,939</u>	<u>160,525</u>	<u>4,158,480</u>
HEALTH AND WELFARE					
	<u>25,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,800</u>
Total General Fixed Assets	<u>\$ 10,943,568</u>	<u>\$ 21,090,654</u>	<u>\$ 6,486,949</u>	<u>\$ 4,849,582</u>	<u>\$ 43,370,753</u>

CITY OF WILLIAMSBURG, VIRGINIA
GENERAL FIXED ASSETS ACCOUNT GROUP
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY
Year Ended June 30, 2001

	Balance July 1, 2000	Additions	Deductions	Balance June 30, 2001
GENERAL GOVERNMENT				
Administration	\$ 32,309,136	\$ 668,883	\$ 617,114	\$ 32,360,905
Legislative	27,032	-	21,374	5,658
Executive	24,705	5,329	12,034	18,000
Finance	321,237	82,364	132,828	270,773
Planning	29,664	-	29,664	-
Total General Government	32,711,774	756,576	813,014	32,655,336
PUBLIC SAFETY				
Police	1,829,831	62,421	216,022	1,676,230
Fire	2,586,047	40,151	172,660	2,453,538
Total Public Safety	4,415,878	102,572	388,682	4,129,768
PUBLIC WORKS AND ENGINEERING	2,487,616	140,268	226,515	2,401,369
PARKS AND RECREATION	3,200,156	1,033,840	75,516	4,158,480
HEALTH AND WELFARE	38,259	-	12,459	25,800
Total General Fixed Assets	\$ 42,853,683	\$ 2,033,256	\$ 1,516,186	\$ 43,370,753

The Notes to Financial Statements are an integral part of this statement.

FINANCE DIRECTOR'S AND TREASURER'S ACCOUNTABILITY

The statements on accountability outline the activity of cash that is the responsibility of the Finance Director and Treasurer, respectively.

CITY OF WILLIAMSBURG, VIRGINIA
STATEMENT OF THE FINANCE DIRECTOR'S ACCOUNTABILITY
June 30, 2001

Assets held by the Finance Director:

Cash on hand	\$ 1,501
Cash in banks and institutions:	
Checking and savings	
Sun Trust Bank	\$ 706,996
Evergreen Money Market	<u>1,905,368</u>
Total Cash in Banks and Institutions	<u>2,612,364</u>
Total Cash	2,613,865
Investments:	
Local Government Investment Pool (LGIP)	9,341,175
Held by brokerages in the City's name	<u>9,081,495</u>
Total Investments	<u>18,422,670</u>
Total Assets	<u><u>\$ 21,036,535</u></u>

Liabilities of the Finance Director:

Balance of City funds	<u><u>\$ 21,036,535</u></u>
Total Liabilities	<u><u>\$ 21,036,535</u></u>

CITY OF WILLIAMSBURG, VIRGINIA
STATEMENT OF THE FINANCE DIRECTOR'S ACCOUNTABILITY TO THE CITY
ALL CITY FUNDS
June 30, 2001

<u>Governmental Fund Types</u>		
	General	Special Revenue
Balance, July 1, 2000	<u>\$ 105,954</u>	<u>\$ 76,257</u>
Receipts (Net):		
General property taxes	7,533,977	-
Other local taxes	15,388,474	-
Permits, privilege fees and regulatory licenses	267,047	-
Fines and forfeitures	253,578	-
Revenue from use of money and property	1,138,234	190
Charges for services	63,931	-
Miscellaneous	989,122	24,722
Intergovernmental	2,188,179	838,713
Sale of land	503,109	-
Proceeds from indebtedness	-	-
Total Receipts	<u>28,325,651</u>	<u>863,625</u>
Total Receipts and Balance	<u>28,431,605</u>	<u>939,882</u>
Disbursements (Net):		
Warrants (checks) issued	26,166,074	1,081,089
Total Disbursements	<u>26,166,074</u>	<u>1,081,089</u>
Interfund transfers:		
Residual equity transfer in	51,796	-
Residual equity transfer out	-	(51,796)
Operating transfers in	-	338,473
Operating transfers out	(338,473)	-
Total Interfund Transfers	<u>(286,677)</u>	<u>286,677</u>
Balance, June 30, 2001	<u>\$ 1,978,854</u>	<u>\$ 145,470</u>

Note: These receipts and disbursements are recorded on a cash basis. Revenues and expenditures reflected in the other supplementary data and basic financial statements are recorded on the accrual and/or modified accrual basis, except as otherwise noted.

<u>Proprietary Fund</u>	<u>Fiduciary Funds</u>	<u>Totals</u> (Memorandum Only)
<u>Enterprise</u> <u>Utility</u>	<u>Agency</u>	
<u>\$</u>	<u>\$</u>	<u>\$</u>
-	-	7,533,977
-	-	15,388,474
-	-	267,047
-	-	253,578
227,019	-	1,365,443
4,322,262	-	4,386,193
32,094	10,562	1,056,500
-	5,150,003	8,176,895
-	-	503,109
<u>5,646,222</u>	<u>-</u>	<u>8,673,114</u>
<u>10,227,597</u>	<u>5,160,565</u>	<u>44,577,438</u>
<u>10,281,926</u>	<u>5,212,501</u>	<u>44,865,914</u>
<u>9,895,585</u>	<u>5,109,301</u>	<u>42,252,049</u>
<u>9,895,585</u>	<u>5,109,301</u>	<u>42,252,049</u>
-	-	51,796
-	-	(51,796)
-	-	338,473
-	-	(338,473)
-	-	-
<u>\$</u>	<u>\$</u>	<u>\$</u>
<u>386,341</u>	<u>103,200</u>	<u>2,613,865</u>

CITY OF WILLIAMSBURG, VIRGINIA
STATEMENT OF THE TREASURER'S ACCOUNTABILITY
TO THE COMMONWEALTH
Year Ended June 30, 2001

	<u>Balance July 1, 2000</u>	<u>Collections</u>	<u>Remittances</u>	<u>Balance June 30, 2001</u>
2001 Taxes:				
Estimated income taxes	\$ -	\$ 467,809	\$ 467,809	\$ -
2000 Taxes:				
Taxable year income taxes	- -	450,869	450,842	27
Estimated income taxes	531	656,615	657,146	- -
1999 Taxes:				
Taxable year income taxes	224	47,031	47,255	- -
Other Collections:				
Penalty	- -	771	768	3
Interest	- -	92	92	- -
Share of fees of sheriff and deputies	- -	13,146	13,146	- -
Total	\$ 755	\$ 1,636,333	\$ 1,637,058	\$ 30

This statement has been prepared on the cash basis of accounting.

STATISTICAL SECTION (UNAUDITED)

The statistical data gives report users a better historical perspective and assists in assessing current financial status in trends of the governmental unit.

CITY OF WILLIAMSBURG, VIRGINIA

GENERAL GOVERNMENT EXPENDITURES BY FUNCTION
(ALL GOVERNMENTAL FUND TYPES)
Last Ten Fiscal Years

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
General Administration	\$ 828,373	\$ 948,495	\$ 993,012	\$ 1,224,969	\$ 1,256,855	\$ 1,330,163	\$ 1,386,301	\$ 2,078,313	\$ 1,899,725	\$ 1,932,875
Judicial Administration	117,881	121,686	146,807	139,028	175,648	182,367	196,128	187,551	365,171	275,310
Public Safety	3,803,562	4,137,026	4,498,654	4,804,883	5,290,062	5,576,858	5,224,769	5,149,099	5,559,015	5,707,961
Public Works	1,783,869	1,445,551	1,542,447	1,495,234	1,648,799	2,098,272	2,221,939	2,377,712	2,807,153	2,902,335
Health and Welfare	630,906	734,499	835,554	943,368	965,188	1,142,813	1,251,650	1,312,324	1,367,738	1,489,707
Education	4,859,095	4,829,669	4,928,100	5,071,848	5,140,568	5,167,459	5,217,086	5,640,109	5,809,163	6,496,149
Parks, Recreation and Cultural	1,143,302	1,246,034	1,259,583	1,305,910	1,391,288	1,523,372	1,542,691	1,517,698	1,639,330	1,629,146
Community Development	1,233,383	1,351,993	1,369,696	1,509,230	1,592,713	1,756,847	1,854,532	1,940,397	2,900,596	2,846,352
Nondepartmental	38,546	20,077	93,813	30,375	35,877	76,780	7,194	77,548	8,085	6,210
Capital Projects	719,999	3,150,428	3,323,413	2,936,942	3,042,360	7,865,464	7,369,002	9,108,791	2,623,501	2,288,580
Debt Service	-	-	-	-	-	-	1,088,381	1,117,230	1,133,542	1,111,094
	<u>\$ 15,158,916</u>	<u>\$ 17,985,158</u>	<u>\$ 18,991,079</u>	<u>\$ 19,461,787</u>	<u>\$ 20,539,358</u>	<u>\$ 26,720,395</u>	<u>\$ 27,359,673</u>	<u>\$ 30,506,772</u>	<u>\$ 26,113,019</u>	<u>\$ 26,685,723</u>

CITY OF WILLIAMSBURG, VIRGINIA
GENERAL GOVERNMENT REVENUES BY SOURCE
(ALL GOVERNMENT FUND TYPES)
Last Ten Fiscal Years

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
	\$ 4,880,168	\$ 5,209,288	\$ 5,292,240	\$ 5,539,049	\$ 5,719,355	\$ 6,129,994	\$ 6,117,764	\$ 6,463,440	\$ 6,829,694	\$ 7,140,860
General Property Taxes										
Other Local Taxes	9,445,988	9,842,199	10,945,082	12,093,950	12,170,033	12,165,232	12,858,739	14,050,179	15,423,985	15,388,474
Permits, Fees and Licenses	22,877	59,988	75,383	96,504	96,810	89,821	75,153	181,131	163,291	267,047
Fines and Forfeitures	184,958	209,925	220,230	183,882	189,633	224,119	249,559	277,745	238,003	253,578
Use of Money and Property	443,606	578,093	641,507	(282,930)	889,595	933,556	1,020,362	899,759	844,277	1,116,324
Charges for Services	209,125	238,894	259,906	267,658	264,486	274,979	322,281	315,841	334,812	319,808
Miscellaneous	342,856	686,952	330,416	601,291	426,861	330,995	364,847	632,814	937,903	1,013,844
Intergovernmental	2,079,991	2,131,415	2,887,742	3,122,425	3,249,845	3,520,169	3,237,472	2,909,144	3,015,209	3,041,557
	<u>\$ 17,609,569</u>	<u>\$ 18,956,754</u>	<u>\$ 20,652,506</u>	<u>\$ 21,621,829</u>	<u>\$ 23,006,618</u>	<u>\$ 23,668,865</u>	<u>\$ 24,246,177</u>	<u>\$ 25,730,053</u>	<u>\$ 27,787,174</u>	<u>\$ 28,541,492</u>

CITY OF WILLIAMSBURG, VIRGINIA

PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Current Tax Collection	Percent of Levy Collected	Delinquent Tax Collection	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Taxes to Tax Levy
1992	5,070,025	4,559,229	89.93%	76,023	4,635,252	91.42%	258,749	5.10%
1993	5,095,913	4,870,727	95.58%	219,506	5,090,233	99.89%	264,429	5.19%
1994	5,234,350	4,979,839	95.14%	220,209	5,200,048	99.34%	298,731	5.71%
1995	5,138,952	4,949,687	96.32%	219,092	5,168,779	100.58%	187,296	3.64%
1996	5,653,999	5,387,720	95.29%	184,379	5,572,099	98.55%	328,976	5.82%
1997	5,766,953	5,526,002	95.82%	315,742	5,841,744	101.30%	206,930	3.59%
1998	5,867,297	5,570,749	94.95%	165,715	5,736,464	97.77%	407,898	6.95%
1999	6,419,941	6,164,364	96.02%	110,715	6,275,079	97.74%	552,760	8.61%
2000	6,673,402	6,468,678	96.93%	182,399	6,651,077	99.67%	370,361	5.55%
2001	7,150,490	6,865,875	96.02%	229,094	7,094,969	99.22%	361,905	5.06%

NOTE: The Commonwealth's reimbursement is included in the total collection amount.

CITY OF WILLIAMSBURG, VIRGINIA

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
Last Ten Fiscal Years

Fiscal Year	Commercial Construction**		Residential Construction Single-Family**		Residential Construction Apartments**		Total		Bank Deposits*	Property Value***		
	No. of Units	Value	No. of Units	Value	No. of Units	Value	No. of Units	Value				
1992	32	1,728,194	14	2,519,378	7	355,000	53	4,602,572	280,816,000	747,176,789		
1993	28	1,072,078	7	1,300,000	12	1,380,000	47	3,752,078	269,109,000	745,043,153		
1994	52	15,271,492	16	3,575,100	4	600,000	72	19,446,592	288,705,000	752,682,442		
1995	49	2,596,022	42	8,183,632	-	-	91	10,779,654	297,747,000	765,713,363		
1996	67	21,088,991	64	14,511,375	6	370,000	137	35,970,366	354,437,000	791,343,838		
1997	57	9,477,877	47	9,623,607	12	1,453,484	116	20,554,968	320,670,000	824,867,410		
1998	49	13,479,854	43	9,417,289	-	-	92	22,897,143	316,524,000	839,074,182		
1999	45	22,203,018	88	10,720,346	-	-	133	32,923,364	301,912,000	889,985,372		
2000	93	7,502,737	128	13,494,633	3	2,430,000	224	23,427,370	302,883,000	917,703,005		
2001	71	42,431,175	129	21,248,822	164	6,330,550	364	70,010,547	292,428,000	974,902,689		

*Source: Federal Deposit Insurance Corporation

**Source: City Building Inspector

***Source: City Assessor's Office

CITY OF WILLIAMSBURG, VIRGINIA

**ASSESSED VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years**

Fiscal Year	Public Service Corporations			Total	
	Real Estate	Personal Property	Real Estate	Personal Property	
1992	679,575,863	34,968,428	32,625,555	6,943	747,176,789
1993	674,677,700	36,818,150	33,538,444	8,859	745,043,153
1994	681,300,500	36,473,965	34,902,995	4,982	752,682,442
1995	687,954,600	40,079,640	37,666,483	12,640	765,713,363
1996	706,903,100	46,055,142	38,369,271	16,325	791,343,838
1997	735,851,100	51,406,969	37,580,129	29,212	824,867,410
1998	749,039,424	52,069,539	37,937,591	27,628	839,074,182
1999	792,641,200	56,325,500	40,999,777	18,895	889,985,372
2000	815,856,500	58,029,830	43,812,511	4,164	917,703,005
2001	863,961,268	63,697,973	47,224,673	18,775	974,902,689

**PROPERTY TAX RATES
(Per \$100 of Assessed Values)
Last Ten Fiscal Years**

Fiscal Year	Real Estate	Personal Property	Machinery and Tools
1992	0.54	3.50	3.50
1993	0.54	3.50	3.50
1994	0.54	3.50	3.50
1995	0.54	3.50	3.50
1996	0.54	3.50	3.50
1997	0.54	3.50	3.50
1998	0.54	3.50	3.50
1999	0.54	3.50	3.50
2000	0.54	3.50	3.50
2001	0.54	3.50	3.50

CITY OF WILLIAMSBURG, VIRGINIA
COMPUTATION OF LEGAL DEBT MARGIN AND
OVERLAPPING DEBT
June 30, 2001

Direct:

Assessed Value of Real Estate Subject to Taxation	<u>\$ 863,961,268</u>
Debt Limit: 10 Percent of Assessed Value	\$ 86,396,127
Total Amount of Debt Applicable to Debt Limit	<u>14,373,800</u>
Legal Debt Margin	<u>\$ 72,022,327</u>

Overlapping:

N/A

CITY OF WILLIAMSBURG, VIRGINIA

**RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
Last Ten Fiscal Years**

Fiscal Year	Population	Assessed Value	Gross and Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1992	11,430	747,176,789	653,800	0.00088	57
1993	11,430	745,043,153	653,800	0.00088	57
1994	11,430	752,682,442	653,800	0.00087	57
1995	11,430	765,713,363	653,800	0.00085	57
1996	12,300	791,343,838	653,800	0.00083	53
1997	12,300	824,867,410	4,145,800	0.00503	337
1998	12,300	839,074,182	11,357,800	0.01354	924
1999	12,300	889,985,372	10,436,467	0.01173	848
2000	12,300	917,703,005	9,515,133	0.01037	774
2001	11,998	974,902,689	14,373,800	0.01474	1,198

CITY OF WILLIAMSBURG, VIRGINIA

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
Last Ten Fiscal Years**

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to Total General Governmental Expenditures
1992	-	42,783	42,783	15,158,916	0.00282
1993	-	44,221	44,221	17,985,158	0.00246
1994	-	44,132	44,132	18,991,079	0.00232
1995	-	44,132	44,132	19,461,787	0.00227
1996	-	44,132	44,132	20,539,358	0.00215
1997	388,000	147,653	535,653	26,720,395	0.02005
1998	788,000	494,410	1,282,410	27,359,673	0.04687
1999	921,333	465,741	1,387,074	30,506,772	0.04547
2000	788,000	345,542	1,133,542	26,113,019	0.04341
2001	788,000	323,094	1,111,094	26,685,723	0.04164

CITY OF WILLIAMSBURG, VIRGINIA

PRINCIPAL TAXPAYERS
June 30, 2001

Business Name	Type of Business	Assessed Valuation	Percent of Total Assessed Valuation
Colonial Williamsburg Foundation	Tourism	\$ 177,660,300	19.57%
Williamsburg Improvements, LLC	Shopping Center Management	15,740,700	1.73%
Art Williamsburg, Inc.	Hotel	13,802,300	1.52%
Jin, Inc.	Hotel	8,282,300	0.91%
Chelsea GCA Realty Partnership	Shopping Center Management	8,010,600	0.88%
Woodshire, LTD	Apartments	6,776,800	0.75%
LTD Associates One, LLC	Hotel	6,767,400	0.75%
LTD Associates Two, LLC	Hotel	6,083,700	0.67%
Patrick Henry Inn, Inc.	Hotel	6,011,200	0.66%
PVS Associates, LLC	Hotel	5,610,700	0.62%
Total		<u>\$ 254,746,000</u>	<u>26.78%</u>

CITY OF WILLIAMSBURG, VIRGINIA

RETAIL SALES
(Source, Virginia Department of Taxation)

Year	Taxable Retail Sales	Percentage Increase (Decrease)
1992	278,291,000	-8.78%
1993	287,332,500	3.25%
1994	326,183,300	13.52%
1995	360,784,200	10.61%
1996	347,957,628	-3.56%
1997	340,364,913	-2.18%
1998	352,720,987	3.63%
1999	367,394,446	4.16%
2000	378,286,400	2.96%
2001	372,093,700	-1.64%

POPULATION
(Source, U.S. Census)

Year	Number	Percent Increase
1930	3,778	0.00%
1940	3,942	4.34%
1950	6,735	70.85%
1960	6,832	1.44%
1970	9,069	32.74%
1980	9,869	8.82%
1990	11,430	15.82%
1995	12,300	7.61%
2000	11,998	-2.46%

CITY OF WILLIAMSBURG, VIRGINIA

UNEMPLOYMENT RATE AND LABOR FORCE
(Source, Virginia Employment Commission)

Year	Labor Force	Employed	Unemployed	Unemployment Percentage
1991	7,727	7,083	644	8.33%
1992	5,997	5,409	588	9.80%
1993	5,724	5,278	446	7.79%
1994	6,077	5,476	601	9.89%
1995	6,274	5,779	495	7.90%
1996	6,418	5,970	448	6.98%
1997	6,387	6,040	347	5.44%
1998	5,855	5,576	279	4.77%
1999	5,920	5,570	350	5.92%
2000	6,120	5,845	275	4.49%

**LAND AREA OF ORIGINAL CITY OF WILLIAMSBURG
AND SUBSEQUENT ANNEXATIONS**

Year	Description	Annexation Area (Sq. Miles)	Accumulative Area (Sq. Miles)
1772	Original City	0	0.86
1915	Annexation	0.11	0.97
1923	Annexation	0.48	1.45
1941	Annexation	1.66	3.11
1964	Annexation	2.06	5.17
1984	Annexation	3.88	9.05

CITY OF WILLIAMSBURG, VIRGINIA**MISCELLANEOUS STATISTICS**
June 30, 2001

Date of Incorporation	1772
Form of Government	Council-Manager
Population	12,300
Area	9.05 Sq. Miles
Miles of Street	45
Number of Traffic Lights	14
Fire Protection:	
Number of Stations	1
Firemen: Full-Time	31
Volunteer	30
Police Protection:	
Number of Stations	1
Officers and Policemen	34
Education:	
Schools (Owned by Joint School System)	
Grades: K-5	7
6-8	3
9-12	2
Recreation:	
Number of Parks	4
Number of Ball Fields	6
Number of Tennis Courts	10
Number of Total Acres	2,036
Culture:	
Number of Public Libraries (Regional)	2
Number of Volumes	278,499
Municipal Water Department:	
Number of Customers	3,000
Average Daily Consumption	3,500,000 Gallons
Miles of Water Distribution	40
Number of Water Tanks	5
Municipal Employees	180
Number of Hotels and Motels	57
Number of Bed and Breakfasts	43
Number of Restaurants	80

FEDERAL AWARDS

The schedule of Federal Awards outlines Federal grant activity during the year.

CITY OF WILLIAMSBURG, VIRGINIA

SCHEDULE OF FEDERAL AWARDS
Year Ended June 30, 2001

Federal Granting Agency/Grant Program	Federal Catalog Number	Balance July 1, 2000	Revenues	Expenditures	Balance June 30, 2001
DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Pass-through payments:					
Department of Social Services:					
Food Stamp Administration	10.561	\$ -	\$ 63,948	\$ 63,948	\$ -
Promoting Safe and Stable Families	93.556	-	14,960	14,960	-
Temporary Assistance for Needy Families	93.558	-	68,166	68,166	-
Refugee and Entrant Assistance	93.566	-	151	151	-
Low Income Home Energy Assistance	93.568	-	851	851	-
Child Care and Development Block Grant	93.575	12,631	167,722	168,767	11,586
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	-	44,408	44,408	-
Foster Care Title IV-E	93.658	-	80,353	80,353	-
Adoption Assistance	93.659	-	6,343	6,343	-
Social Services Block Grant	93.667	-	65,436	65,436	-
Independent Living	93.674	-	74	74	-
Virginia Children's Medical Insurance Plan	93.767	-	6,050	6,050	-
Medical Assistance Program (Medical; Title XIX)	93.778	-	53,184	53,184	-
Statewide Fraud Program	N/A		5,332	5,332	-
Total Department of Health and Human Services		<u>12,631</u>	<u>576,978</u>	<u>578,023</u>	<u>11,586</u>
DEPARTMENT OF JUSTICE					
Direct payments:					
Office of Justice Programs					
Crime Victim Assistance	16.575	-	35,000	35,000	-
Local Law Enforcement Block Grant	16.592	-	13,988	13,988	-
Public Safety Partnership and Community Policing Grants	16.710		87,837	87,837	-
Total Department of Justice		<u>-</u>	<u>136,825</u>	<u>136,825</u>	<u>-</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Pass-through payments:					
Department of Housing and Community Development					
Community Development Block Grant/State's Program	14.228	<u>-</u>	<u>278,137</u>	<u>278,137</u>	<u>-</u>
DEPARTMENT OF TRANSPORTATION					
Pass-through payments:					
Division of Motor Vehicles					
State and Community Highway Safety	20.600	<u>-</u>	<u>1,500</u>	<u>1,500</u>	<u>-</u>
Totals		<u>\$ 12,631</u>	<u>\$ 993,440</u>	<u>\$ 994,485</u>	<u>\$ 11,586</u>

Note: This schedule is prepared on the modified accrual basis of accounting.

CITY OF WILLIAMSBURG, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2001

Summary of Independent Auditors' Results

- A. An unqualified report was issued dated October 31, 2001, on the financial statements of the City of Williamsburg, Virginia, as of and for the year ended June 30, 2001.
- B. No reportable conditions in internal control were disclosed by the audit of the financial statements.
- C. The audit disclosed no instances of noncompliance, which are material to the financial statements.
- D. No reportable conditions in internal control over major programs were disclosed by the audit.
- E. An unqualified opinion was issued on compliance for major programs of the City of Williamsburg, Virginia.
- F. The audit disclosed no findings requiring reporting under OMB Circular A-133.
- G. The City of Williamsburg, Virginia, qualifies as a low risk auditee under the standards prescribed in OMB Circular A-133. These standards require that the auditor test programs with amounts equaling 25 percent of federal expenditures as major programs.
- H. The dollar threshold in determining Type A and Type B programs for the City of Williamsburg, Virginia, was \$300,000.

Findings and Questioned Costs for Federal Awards

The audit disclosed no findings required to be reported regarding federal awards.



Eggleston Smith P.C.

Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Members of the City Council
City of Williamsburg, Virginia

We have audited the general-purpose financial statements and related schedules of the City of Williamsburg, Virginia, as of and for the year ended June 30, 2001, and have issued our report dated October 31, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Williamsburg, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Williamsburg, Virginia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of City of Williamsburg, Virginia, in a separate letter dated October 31, 2001.

This report is intended solely for the information and use of management, others within the organization, City Council, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Eggleston Smith P.C.



Eggleston Smith P.C.

Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Members of the City Council
City of Williamsburg, Virginia

Compliance

We have audited the compliance of the City of Williamsburg, Virginia, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001. The City of Williamsburg, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Williamsburg, Virginia's management. Our responsibility is to express an opinion on the City of Williamsburg, Virginia's compliance based on our audit.

We conducted our audit of compliance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about whether the City of Williamsburg, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Williamsburg, Virginia's compliance with those requirements.

In our opinion, the City of Williamsburg, Virginia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

Internal Control over Compliance

The Management of the City of Williamsburg, Virginia is responsible for establishing and maintaining effective internal control over compliance with requirements of law, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Williamsburg, Virginia's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, others within the organization, City Council, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Eggleston Smith P.C.

October 31, 2001

CITY OF WILLIAMSBURG, VIRGINIA**SUMMARY OF COMPLIANCE MATTERS**
Year Ended June 30, 2001

As more fully described in the Independent Auditors' Report on Compliance, we performed tests of the City's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS**Code of Virginia:**

Budget and Appropriation Laws
Cash and Investment Laws
Conflicts of Interest Act
Local Retirement Systems
Debt Provisions
Procurement Laws
Uniform Disposition of Unclaimed Property Act

State Agency Requirements:

Highway Maintenance Funds
Social Services

FEDERAL COMPLIANCE MATTERS**Compliance Supplement for Single Audits of State and Local Governments:**

Provisions and conditions of agreements related to federal programs selected for testing.

LOCAL COMPLIANCE MATTERS

Budget Laws
City Purchasing and Procurement Policies and Procedures
City Personnel Policies and Procedures